Implementation of Payroll in Tally.ERP 9
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Introduction

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

An efficient payroll system facilitates an error-free, accurate and timely employee payment while ensuring that the employment is well within the valid work permit.
Lesson 1: Configuring Payroll in Tally.ERP 9

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

1.1 Salient Features of Payroll in Tally.ERP 9

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

- It is fully integrated with accounts to give you the benefits of simplified Payroll processing and accounting.
- It has user defined classifications and sub-classifications for comprehensive reporting. This may be related to the employees, employee groups, pay components, departments etc.
- It provides the facility to create user-defined earnings and deductions Pay Heads.
- It allows flexible and User-definable criteria for simple or complex calculations.
- It allows unlimited grouping of Payroll Masters.
- It supports user-defined production units i.e., attendance/ production/ time based remuneration units.
- It provides a flexible payroll processing period.
- It provides comprehensive Cost Centre as well as employee-wise costing reports.
- It ensures an accurate & timely Salary Processing, Employee Statutory Deductions & Employer Statutory Contributions with the help of predefined processes.
- It provides auto-fill facility to expedite the Attendance, Payroll & Employer Contributions processes.
- It facilitates an accurate computation and deduction of ESI, EPF, Professional Tax, Gratuity etc.
- It helps in the generation of Statutory Forms & Challans for EPF & ESI, as prescribed.
- It allows to drill-down to voucher level for any kind of alteration.
- It facilitates computation of arrears pertaining to prior period(s).
- It helps in tracking employee loan details.

1.2 Enabling Payroll in Tally.ERP 9

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

Case Study Company

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

Step 1: Company Setup

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

In the Company Creation screen,
- Select India in the field Statutory compliance for from the List of Countries provided
- Type 1-4-2009 as the Financial Year from date and press Enter
The completed **Company Creation** screen is displayed as shown:

- **Company Creation**
  - **Directory**: Data
  - **Name**: Spectrum Software Solutions
  - **Mailing & Contact Details**
    - **Mailing Name**: Spectrum Software Solutions
    - **Address**: 14, Mysore Road, Bangalore
  - **Company Details**
    - **Currency Symbol**: Rs.
    - **Accounts with Inventory**: Yes
    - **Maintain Financial Year from**: 1-4-2009
    - **Books beginning from**: 1-4-2009
  - **Statutory compliance for**: India
    - **State**: Karnataka
    - **PIN Code**: 560022
    - **Telephone No.**: 080-22587457
    - **E-Mail**: sales@spectrum.com
  - **Security Control**
    - **Disallow opening in Educational mode?**: No
    - **TallyVault Password (if any)**
    - **Repeat Password**
    - **(WARNING: forgetting your TallyVault password will render your data unusable!)**
    - **Use Security Control?**: No
    - **(Enable Security to avoid Tally.NET Features)**
  - **Security Control**
    - **Set Maintain Payroll to Yes**
    - **Set More than ONE Payroll / Cost Category to Yes**

- **Base Currency Information**
  - **Base Currency Symbol**: Rs.
  - **Format Name**: Indian Rupees
  - **Number of Decimal Places**: 2
  - **Symbol for Decimal Portion**: paisa

- **Figure 1.1 Company Creation screen**

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

**Step 2: Enable Payroll**

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

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

- **Set Maintain Payroll to Yes**
- **Set More than ONE Payroll / Cost Category to Yes**
The completed **F11: Accounting Features** screen is displayed as shown:

![F11: Accounting Features screen](image)

<table>
<thead>
<tr>
<th><strong>General</strong></th>
<th><strong>Invoicing</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrate Accounts and Inventory</td>
<td>? Yes</td>
<td>Allow Invoicing</td>
<td>? Yes</td>
</tr>
<tr>
<td>Income/Expense Statement instead of P &amp; L</td>
<td>? No</td>
<td>Enter Purchases in Invoice Format</td>
<td>? Yes</td>
</tr>
<tr>
<td>Allow Multi-Currency</td>
<td>? No</td>
<td>Use Debit/Credit Notes</td>
<td>? No</td>
</tr>
<tr>
<td><strong>Outstandings Management</strong></td>
<td>? Yes</td>
<td>Use Invoice mode for Credit Notes</td>
<td>? No</td>
</tr>
<tr>
<td>Maintain Bill-wise Details (for Non-Trading ACs also)</td>
<td>? No</td>
<td>Use Invoice mode for Debit Notes</td>
<td>? No</td>
</tr>
<tr>
<td>Activate Interest Calculation (use advanced parameters)</td>
<td>? No</td>
<td><strong>Budgets &amp; Scenario Management</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Cost/Profit Centres Management</strong></td>
<td>? Yes</td>
<td>Maintain Budgets and Controls</td>
<td>? No</td>
</tr>
<tr>
<td>More than ONE Payroll / Cost Category</td>
<td>? No</td>
<td>Use Reversing Journals &amp; Optional Vouchers</td>
<td>? No</td>
</tr>
<tr>
<td>Use Pre-defined Cost Centre Allocations during Entry</td>
<td>? No</td>
<td><strong>Other Features</strong></td>
<td></td>
</tr>
<tr>
<td><strong>F1: Accounts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>F2: Inventory</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>F3: Statutory</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>F5: Audit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 1.2 F11: Accounting Features screen

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

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

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

**Step 3: Enable Payroll Statutory Features**

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

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

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

Figure 1.3  F11: Statutory & Taxation Features screen

Press Enter

In the Payroll Statutory Details screen:

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

Figure 1.4  Payroll Statutory Details screen
Provident Fund

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

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

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

Employee State Insurance

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

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

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

- Press Enter to Accept the screen and go back to **F11: Statutory & Taxation Features** screen
- Press Ctrl+A to Accept the screen.
Lesson 2: Creation of Payroll Masters

Lesson Objectives

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

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

![5 Easy steps to Payroll Diagram](image)

**Figure 2.1 Payroll Cycle**

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

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

Tally.ERP 9 provides the flexibility to create the Employees and Group them under specific Employee Group which in turn can be created under specific Employee Categories.

The following masters can be created in Tally.ERP 9 to successfully record the Employee Details:

- Employee Category
- Employee Groups
- Employees

2.1.1 Employee Groups

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:

![Employee Group Creation Screen](image)

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

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

### 2.1.2 Employee Master

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

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

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

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

Set the following options:

- **Show Statutory Details** to Yes
- **Show Passport & Visa Details** to Yes
- **Show Contact Details** to Yes
The **F12: Payroll Configuration** screen is displayed as shown:

![Payroll Configuration Screen]

Figure 2.3 F12: Payroll Configuration screen

- **Press Enter to Accept**

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

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

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>Vijay Kumar</td>
<td>Administration</td>
<td>1-4-2009</td>
</tr>
<tr>
<td>Rahul</td>
<td>R&amp;D</td>
<td>1-4-2009</td>
</tr>
<tr>
<td>Mahesh</td>
<td>Sales</td>
<td>1-4-2009</td>
</tr>
<tr>
<td>Ajay</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 **Vijay Kumar**
3. Specify the Name of the Employee Group as **Administration** in the field ‘Under’
4. Specify the **Date of Joining** as **01-04-2009**
5. Type the other details of the employee as shown:

<table>
<thead>
<tr>
<th>General Info</th>
<th>Payment Details</th>
<th>Passport &amp; Visa Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Number</td>
<td>540</td>
<td>Bank Name : HDFC Bank</td>
</tr>
<tr>
<td>Designation</td>
<td>Manager</td>
<td>Bank Branch : Karamangala</td>
</tr>
<tr>
<td>Function</td>
<td>Administration</td>
<td>Bank A/c Number : 001254625605</td>
</tr>
<tr>
<td>Location</td>
<td>Bangalore</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>Date of Birth</td>
<td>24-May-1983</td>
<td>Income Tax Number (PIN) : APUI02349</td>
</tr>
<tr>
<td>Blood Group</td>
<td>O Positive</td>
<td>EPF Account Number : KA/BH/18/1845/563</td>
</tr>
<tr>
<td>Father/Mother Name</td>
<td>Shashi Kumar</td>
<td>PF Account Number : KA/BH/18/1845/563</td>
</tr>
<tr>
<td>Spouse Name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Address</td>
<td>15, Woods Street, Bangalore</td>
<td>Date of Joining : 1-Apr-2009</td>
</tr>
<tr>
<td>Contact Numbers</td>
<td>080-55668878</td>
<td></td>
</tr>
<tr>
<td>E-Mail</td>
<td><a href="mailto:vijay@spectrum.com">vijay@spectrum.com</a></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 2.4 Employee Creation screen**

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

**Notes**

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

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

### 2.2 Payroll Masters

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

- Payroll Units
- Attendance / Production Types

#### 2.2.1 Payroll Units

A payroll unit refers to a unit of measurement based on which pay heads are calculated. Payroll units can be classified into two types viz., Simple Payroll Units and Compound Payroll Units. Simple Payroll Units refer to individual units such as Day, Week, Month, Hours, Pcs, Box, Nos etc., Whereas, Compound Payroll Units refer to Units which are combination of two simple units, i.e., an Hour of 60 Minutes, Month of 26 days, Day of 8 Hrs.

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

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

<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:

![Simple Unit Creation screen](image)

5. Press Enter to Accept the Unit Creation screen.

Similarly, create Minutes as another Simple Unit.

### ii. Compound Payroll Units

Create Hrs of 60 Mins as a Compound Unit.

In the Unit Creation screen:
1. Press Backspace and select Compound as the Type of Unit
2. Specify Hrs as the First Unit
3. Enter 60 as the Conversion
4. Specify **Mins** as the **Second Unit**

![Figure 2.6 Compound Unit Creation screen](image)

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

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

### 2.2.2 Attendance/Production Types

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

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

<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>Spectrum Software Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong> (alias)</td>
<td><strong>Present</strong></td>
</tr>
<tr>
<td><strong>Under</strong></td>
<td><strong>Primary</strong></td>
</tr>
<tr>
<td><strong>Attendance Type</strong></td>
<td><strong>Attendance/ Leave with Pay</strong></td>
</tr>
<tr>
<td><strong>Period Type</strong></td>
<td><strong>Days</strong></td>
</tr>
</tbody>
</table>

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

![Figure 2.7 Attendance/ Production Type Creation screen](image)

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

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

**ii. Absent Attendance Type**

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

![Figure 2.9 Attendance/ Production Type Creation screen](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. Overtime Production Type

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

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

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

**Attendance/Production Type Creation**

- **Name** : Overtime
- **Under** : Primary
- **Attendance Type** : Production
- **Unit** : Hrs of 60 Mins

**Figure 2.10** Overtime - Production Type Creation screen

**Tips**

- **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.
- **User Defined Calendar Type** may be used to allow the per day pay value calculation when the user want to have different number of working days in each month by considering the Holidays and Sundays etc., e.g. in January 23 days, in February 24 days, in March 25 days etc.

### 2.3 Pay Heads

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

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

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

The preset Pay Head types in Tally.ERP 9 are:
1. Earnings for Employees
2. Deductions from Employees
3. Employees’ Statutory Deductions
4. Employer’s Statutory Contributions
5. Employer’s Other Charges
6. Bonus
7. Gratuity
8. Loans and Advances
9. Reimbursements to Employees

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

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

### 2.3.1 Earning Pay Heads

Create the following Earnings Pay Heads:

<table>
<thead>
<tr>
<th>Pay Head Name</th>
<th>Pay Head Type</th>
<th>Under Affect Net Salary</th>
<th>Affect Name to Appear in Pay Slip</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 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 HRA</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 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 Overtime</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 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 is displayed as shown:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name (salary)</td>
<td>Basic Pay</td>
<td></td>
</tr>
</tbody>
</table>

**Pay Head Info**

- **Pay Head Type**
  - **Under**: Indirect Expenses

- **Affect Net Salary**
  - **Name to appear in Payslip**: Yes
  - **Use for Gratuity**: Yes

- **Calculation Type**: On Attendance

**List of Pay Head Types**

- 1. Not Applicable
- 2. Bonus
- 3. Deductions from Employees
- 4. Earnings for Employees
  - Employees’ Statutory Deductions
  - Employer’s Other Charges
  - Employer’s Statistical Contributions
  - Gratuity
  - Loans and Advances
  - Reimbursements to Employees

**Opening Balance** (on 1-Apr-2005): 

![Figure 2.11 Basic Pay Head Creation – Pay Head Type Selection]

3. Specify the group as **Indirect Expenses** in the field **Under** and press **Enter**
4. Set **Affect Net Salary** to **Yes**
5. Specify **Basic** in the field **Name to appear in Pay Slip**
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 Pay Slip** – If **Affect Net Salary** is set to **Yes**, then the required name for the Pay Head that appears in the Pay Slip 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]

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Basic Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pay Head Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay Head Type: Basic</td>
</tr>
<tr>
<td>Under: ? Yes</td>
</tr>
<tr>
<td>Affect Net Salary: Overtime</td>
</tr>
<tr>
<td>Name to appear in Payslip: On Production</td>
</tr>
<tr>
<td>Use for Gratuity: On Attendance</td>
</tr>
<tr>
<td>Calculation Type: On Attendance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>List of Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Computed Value</td>
</tr>
<tr>
<td>As User Defined Value</td>
</tr>
<tr>
<td>Flat Rate</td>
</tr>
<tr>
<td>On Attendance</td>
</tr>
<tr>
<td>On Production</td>
</tr>
</tbody>
</table>

**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. 800 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 with List of Attendance Types](image)

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

9. Select **Months** in Calculation period field and press **Enter**
The **Pay Head Creation** screen with the **List of Calculation Periods** is displayed as shown:

![Figure 2.14 Pay Head Creation - Calculation Period selection](image)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name: Basic Pay</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Pay Head Info**

- Pay Head Type: Earnings for Employees
- Under: Indirect Expenses
- Affect Net Salary: Yes
- Name to appear in Payslip: Basic
- Use for Gratuity: Yes
- Calculation Type: On Attendance
- Attendance / Leave with Pay: Present
- Calculation Period: Months

**Rounding Info**

- Rounding Method: Not Applicable

**Opening Balance** (on 1 Apr 2009):

---

*Tally.ERP 9 contains four predefined Calculation periods – *Days, Fortnights, Months and Weeks.*"
10. Select **User defined** in the **Per Day Calculation Basis** field

![Pay Head Creation screen - Calculation Basis Selection](image)

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.

- **User Defined Calendar Type** will provide flexibility to change the per day salary for the Employee based on the User Defined Calendar days.

For example, for Basic salary of 3000 if the number of days in a month are defined as 30 then per days salary will be Rs. 100. In the next month if the number of days is 25 then per day salary will be Rs. 120.
12. Specify the **Months of 26 Days** and press **Enter**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Basic Pay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Salary)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Pay Head Info**
- Pay Head Type: N/A
- Earnings for Employees: N/A
- Indirect Expenses: N/A
- Affect Net Salary: N/A
- Name to appear in Payslip: N/A
- Use for Gratuity: N/A
- Calculation Type: N/A
- Attendance / Leave with Pay: N/A
- Calculation Period: Months
- Per Day Calculation Basis: Months of 26 Days

**Rounding Info**
- Rounding Method: Not Applicable

Opening Balance (on 1 Apr 2009): 

Figure 2.16 Pay Head Creation screen - Calculation period

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Basic Pay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Salary)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Pay Head Info**
- Pay Head Type: N/A
- Earnings for Employees: N/A
- Indirect Expenses: N/A
- Affect Net Salary: N/A
- Name to appear in Payslip: N/A
- Use for Gratuity: N/A
- Calculation Type: N/A
- Attendance / Leave with Pay: N/A
- Calculation Period: Months
- Per Day Calculation Basis: Months of 26 Days

**Rounding Info**
- Rounding Method: Normal Rounding

Opening Balance: 

Figure 2.17 Pay Head Creation screen – Rounding Method selection
14. Specify **1** as the rounding **Limit** (The Rounding limit allows the value to be in multiples of the limit specified and is based on the Rounding Method selected)

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

- **Not Applicable** – The decimal points will be taken into consideration, and the amount will not be rounded off.
- **Downward Rounding** – The decimal points will not be taken into 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:

![Completed Basic Pay Head Creation screen](image)

15. Press **Enter** to **Accept** the screen.
**ii. House Rent Allowance Pay Head Creation**

In the **Pay Head Creation** screen,

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

![Figure 2.19  HRA Pay Head Creation screen - Calculation Type selection](image)

8. Select **Normal Rounding** as the **Rounding Method** and **1** as the rounding **Limit** and press **Enter**
9. In the **Computation Info** screen, select **On Specified Formula** in the **Compute** field.

![Figure 2.20 Pay Head Creation screen with Compute method](image)

**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** sub-screen is displayed

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

![Figure 2.21 Compute sub-screen](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**

![Figure 2.22 Compute: On Specified Formula sub-screen](image)

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

![Figure 2.23 Pay Head Creation screen - Slab Type selection](image)

**Slab Type Details:**

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

**Value** – This Slab rate is used when the amount is stated as absolute value.
15. Specify **40%** in the **Value Basis** field and press **Enter**

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:

Figure 2.26  Conveyance Pay Head Creation

- Press Enter to Accept the screen
iv. Overtime Pay Head Creation
Create the Overtime Pay Head with Calculation Type as Production.

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

Figure 2.27 Overtime Pay Head Creation screen

- Press Enter to Accept the screen
v. Variable Pay Head Creation

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

![Variable Pay Head Creation](image)

### 2.3.2 Deduction Pay Heads

Create the following Deduction 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>
<tr>
<td>Employees’ ESI Contribution @ 1.75%</td>
<td>Employees’ Statutory Deductions</td>
<td>Employee State Insurance</td>
<td>Current Liabilities</td>
<td>Yes</td>
<td>ESI @ 1.75%</td>
<td>On Specified Formula</td>
<td>Basic Pay + House Rent Allowance + Conveyance + Overtime Pay (or Current Earnings - Variable Pay)</td>
</tr>
<tr>
<td>Professional Tax</td>
<td>Employees’ Statutory Deductions</td>
<td>Professional Tax</td>
<td>Current Liabilities</td>
<td>Yes</td>
<td>Profession Tax</td>
<td>As Computed Value</td>
<td>On Current Earnings Total</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

![Figure 2.29 Employees' PF Contribution @ 12% Pay Head Creation](image-url)
3. Select **PF Account (A/c No. 1)** in the **Statutory Pay Type** field as shown:

![Figure 2.30 Employees' PF Contribution @ 12% Statutory Pay Type selection](image)

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 Pay Slip**

7. **As Computed Value** appears in the field **Calculation Type** by default

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

9. Select **On Specified Formula** as the **Compute** method and press **Enter**
10. In the **Compute** sub-screen, select **Basic Pay** as the **Add Pay Head** function and press **Enter**

![Figure 2.31 Deduction Pay Head Creation screen – Compute On selection](image)

11. Press **Enter** to **Accept** the screen
12. Specify **1-4-2008** as the **Effective From** date
13. The column **From Amount** is automatically skipped, with the assumption that the amount is zero
14. Specify **6500** in the **Amount Upto** column and press **Enter**

<table>
<thead>
<tr>
<th>Pay Head</th>
<th>Creation</th>
<th>Spectrum Software Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Employee’s PF Contribution @ 12%</td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>:</td>
<td>Total Op. Bal. :</td>
</tr>
</tbody>
</table>

![Pay Head Creation Table]

**Figure 2.32** Deduction Pay Head Creation – Computation Info.

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

16. Specify **12%** as the **Value Basis Percentage** and press **Enter** (the **From Amount** is defaulted as **6500**)

17. Press **Enter** to accept the upper level as **0** and select **Value** as the **Slab Type** from the **List of Slabs**
18. Specify Rs. **780** in the **Value Basis** field and then press **Enter**

![Figure 2.33 Deduction Pay Head Creation screen with Value Basis](image)

**19. Press Enter twice**
Creation of Payroll Masters

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

![Completed Employee’s PF @ 12% Pay Head Creation screen](image)

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 Pay Slip**
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**

![Employee's ESI Pay Head creation screen - Compute On Selection](image)

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.

![Figure 2.36 Employee's ESI Pay Head creation screen - Add Pay Head selection](image)

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

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

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

<table>
<thead>
<tr>
<th>Pay Head Creation</th>
<th>Spectrum Software Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Employee’s ESI Contribution @ 1.75%</td>
</tr>
<tr>
<td>Salary</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pay Head Info</th>
<th>Computation Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay Head Type</td>
<td>Compute on Specified Formula</td>
</tr>
<tr>
<td>Statutory Pay Type</td>
<td>Basic Pay + (basic Pay * Amount) * Slab Type * Value Basis</td>
</tr>
<tr>
<td>Under</td>
<td>Effective From</td>
</tr>
<tr>
<td></td>
<td>From Amount Upto</td>
</tr>
<tr>
<td></td>
<td>Slab Type Value Basis</td>
</tr>
<tr>
<td>Affect Net Salary</td>
<td>Percentage 1.75%</td>
</tr>
<tr>
<td>Name to appear in Payroll</td>
<td>ESI @ 1.75%</td>
</tr>
<tr>
<td>Calculation Type</td>
<td>As Computed Value</td>
</tr>
<tr>
<td>Calculation Period</td>
<td>Months</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rounding Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rounding Method</td>
</tr>
<tr>
<td>Limit</td>
</tr>
</tbody>
</table>

Opening Balance (on 1 Apr 2009): ______

Figure 2.37 Employee’s ESI Pay Head creation screen – Slab Rate
The completed **ESI – Employee’s Contribution Pay Head Creation** screen is displayed as shown:

![Completed ESI – Employee’s Contribution Pay Head Creation screen](image)

**Pay Head Info**
- **Pay Head Type**: Employee's State Insurance
- **Effective From**: 1 Apr 2009
- **Affect on Salary**: Yes
- **Name to appear in Payslip**: ESI @ 1.75%
- **Calculation Type**: As Computed Value
- **Calculation Period**: Months

**Computation Info**
- **On Specified Formula**: Percentage
- **Slab Type**: 1.75%
- **Value Basis**: Percentage

**Rounding Info**
- **Rounding Method**: Normal Rounding
- **Limit**: 1

**Opening Balance** (on 1 Apr 2009):

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

**iii. Professional Tax Pay Head Creation**

Create **Professional Tax Pay Head** with the following Slab rates.

<table>
<thead>
<tr>
<th>From Amount</th>
<th>To Amount</th>
<th>Professional Tax Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>5000</td>
<td>0</td>
</tr>
<tr>
<td>5000</td>
<td>8000</td>
<td>60</td>
</tr>
<tr>
<td>8000</td>
<td>10000</td>
<td>100</td>
</tr>
<tr>
<td>10000</td>
<td>15000</td>
<td>150</td>
</tr>
<tr>
<td>15000</td>
<td>-</td>
<td>200</td>
</tr>
</tbody>
</table>
The completed **Professional Tax Pay Head Creation** screen is displayed as shown:

![Figure 2.39 Profession Tax Pay Head Creation](image)

- Press **Enter** to Accept

### 2.3.3 Gratuity Pay Head

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

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

The formula used for Gratuity calculation is as follows:

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

*Latest eligible salary* refers to the salary paid to the employee for the period in question.
In the Pay Head Creation screen,

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

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

Figure 2.40  Slab Rate Details for Gratuity Calculation screen

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

**Gratuity parameter details:**

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

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

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

5. Specify the group as **Provisions (Current Liabilities)** in the field **Under** and press **Enter**
The completed **Gratuity Expenses (Provisional) Pay Head Creation** screen is displayed as shown:

![Gratuity Expenses Ledger Creation screen](image)

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

### 2.4 Salary Details Setup

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

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

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

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

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

![Image of List of Employee Groups/ Employees screen]

**Figure 2.42** List of Employee Groups/ Employees screen

1. Select **Vijay Kumar** from the **List of Employees** and press **Enter**

   In the **Salary Details** screen,
   - The **Effective date** is entered as **01-04-2009** 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 **10,000** as **Rate**
   - The **Attendance units**, **Pay Head Type** and **Calculation Type** appear by default, based on the pay head definitions.
The **Salary Details Creation** screen is displayed as shown:

<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>
<th>Computed On</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Apr 2009</td>
<td>Basic Pay</td>
<td>10,000</td>
<td>Months</td>
<td>Earnings for Employees</td>
<td>On Attendance</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2.43 Salary Details Creation screen

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

![Salary Details Creation Screen](image)

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

In case a revision in pay structure is required for any subsequent period, define the latest pay structure by specifying the relevant **Effective from** date.
Similarly, create the pay structure for the other employees as per the details given in the following table:

<table>
<thead>
<tr>
<th>Pay Head</th>
<th>Rahul</th>
<th>Mahesh</th>
<th>Ajay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Pay</td>
<td>20,000</td>
<td>45,000</td>
<td>10,000</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>1,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Overtime Pay</td>
<td>—</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>Variable Pay</td>
<td>User — defined</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gratuity Expenses (Provisional)</td>
<td>Only for reporting purpose</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee’s PF Contribution @ 12%</td>
<td>Applicable as Slab Rates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee’s ESI Contribution @ 1.75%</td>
<td>Applicable as Slab Rates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Tax</td>
<td>Applicable as Slab Rates</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

**Salary Details creation for the Sales Group**

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

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

**Figure 2.45  Completed Salary Details for Sales Group**

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

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

1. Go to **Gateway of Tally > Payroll Info. > Salary Details > Create**
2. From the **List of Group / Employees** select **Ajay** and press **Enter**
3. Select **Copy From parent Value** from the **Start Type** options under **Pay Head**
The **Salary Details Creation** screen is displayed as shown:

![Salary Details Creation screen](image)

**Start Type Details:**

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

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

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

![Salary Details Configuration](image)

- Press **Enter to Accept**

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

---

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

![Salary Details Screen](image)

**Figure 2.48 Completed Salary Details screen**

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

Similarly, you can create the Salary Details for **Mahesh** and others employees.
Lesson 3: Processing Payroll in Tally.ERP 9

Typically, Payroll Processing comprises of the following activities:

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

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

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

3.1 Attendance Vouchers

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

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

In Tally.ERP 9, the auto-fill facility (Alt+A) is used to prefill the required Attendance/Production types data for the selected employee group/employee for the specified period.
Example 1:
On 30th April, 2009 the attendance records of M/s. Spectrum Solutions displayed the following details:

<table>
<thead>
<tr>
<th>Attendance/ Production Types</th>
<th>Vijay Kumar</th>
<th>Rahul</th>
<th>Mahesh</th>
<th>Ajay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Days</td>
<td>26</td>
<td>22</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>Overtime hours</td>
<td>900 Min</td>
<td>22</td>
<td>15</td>
<td>720 Min</td>
</tr>
</tbody>
</table>

(15hr x 60min)  
(12hr x 60min)

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

Go to Gateway of Tally > Payroll Vouchers
1. Press Ctrl+F5 for Attendance Voucher
The Attendance Voucher Creation screen is displayed as shown:

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:

![Attendance Auto Fill screen](image)

Figure 3.2 Attendance Auto Fill screen

In the **Attendance Auto Fill** screen,

- Specify the **Voucher Date** as 30-04-2009 if not specified earlier
- Select **Primary Cost Category** as **Employee Category** (If separate cost categories are used to capture employee cost, then select the respective Employee category)

![Attendance Auto Fill - Employee Category selection](image)

Figure 3.3 Attendance Auto Fill - Employee Category selection

- 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 require value that should be prefilled for all Employees e.g. **26**
- Press **Enter** to accept the screen
Separate Attendance vouchers are required for recording attendance on Work and Production.

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

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

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Attendance/Production Type</th>
<th>Value</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ajay</td>
<td>Present</td>
<td>Cur Bal</td>
<td>120 Days</td>
</tr>
<tr>
<td>Mahesh</td>
<td>Present</td>
<td>Cur Bal</td>
<td>119 Days</td>
</tr>
<tr>
<td>Rahul</td>
<td>Present</td>
<td>Cur Bal</td>
<td>113 Days</td>
</tr>
<tr>
<td>Vijay Kumar</td>
<td>Present</td>
<td>Cur Bal</td>
<td>129 Days</td>
</tr>
</tbody>
</table>

Figure 3.6 Attendance Voucher

6. Alter the attendance details as given in the table above
The **Attendance Voucher Creation** screen with the attendance details screen is displayed as shown:

![Attendance Voucher Creation Screen]

7. Press **Enter**  
8. Enter the details of the transaction in the **Narration** field
The completed **Attendance Voucher Creation** for **Present Attendance** is displayed as shown:

![Figure 3.8 Completed Attendance Voucher Screen](image)

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

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

In the same way, create an Attendance Voucher for **Overtime Hours**.
The completed **Attendance Voucher** for **Overtime Hours** is displayed as shown:

![Attendance Voucher Screen - Overtime](image)

- **Press Enter** to accept.

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

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

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

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

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

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

3.2.1 Cash Remittance

**Example 2:**

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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Vijay Kumar</th>
<th>Rahul</th>
<th>Mahesh</th>
<th>Ajay</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
   
   In the Payroll Auto Fill screen,
   - Select Salary in the Process for field

**Figure 3.10 Payroll Autofill with Process List**
In Tally.ERP 9, the following processes are preset for faster processing of Payroll:

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

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

![Payroll Autofill with List of Employees](image)

Figure 3.11 Payroll Autofill with List of Employees

- Select **Cash** in the **Payroll Ledger** field
The completed Payroll Auto Fill screen is displayed as shown:

![Payroll Auto Fill Screen](image)

Figure 3.12 Payroll Autofill with payment Ledger list

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

All the pay values are calculated for the applicable pay heads for each employee grouped under the selected group.
The **Payroll Voucher Creation** screen is displayed as shown:

![Payroll Voucher Creation Screen](image)

4. Press **Enter** and specify the pay values for the pay heads defined as user-definable values against each employee (in this case, define the **Variable Pay**)
Specify 1000 as Variable Pay for Mahesh

![Payroll Voucher - adding Variable pay](image)

Similarly, specify 1500 as Variable Pay for Vijay Kumar and press Enter
The completed **Payroll Voucher Creation** screen is displayed as shown:

![Completed Payroll Voucher Creation Screen](image)

<table>
<thead>
<tr>
<th>Payroll Voucher Creation</th>
<th>Spectrum Software Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payroll</strong></td>
<td>No. 1</td>
</tr>
<tr>
<td><strong>Account</strong></td>
<td>Cash</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td>2,00,000.00 Dr</td>
</tr>
<tr>
<td><strong>Payroll Auto Fill</strong></td>
<td>(Salary)</td>
</tr>
</tbody>
</table>

**Particulars**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Tax</td>
<td>200.00 Cr</td>
</tr>
<tr>
<td>Employee Contribution @ 1%</td>
<td>700.00 Cr</td>
</tr>
<tr>
<td>Employee Contributiion @ 2%</td>
<td>0.00 Cr</td>
</tr>
<tr>
<td>Basic Pay</td>
<td>16,923.00 Dr</td>
</tr>
<tr>
<td>House Rent Allowance</td>
<td>6,705.00 Dr</td>
</tr>
<tr>
<td>Conveyance</td>
<td>0.00 Dr</td>
</tr>
<tr>
<td>Overtime Pay</td>
<td>0.00 Dr</td>
</tr>
<tr>
<td>Variable Pay</td>
<td>0.00 Dr</td>
</tr>
<tr>
<td>Professional Tax</td>
<td>200.00 Cr</td>
</tr>
<tr>
<td>Employee Contribution @ 1%</td>
<td>700.00 Cr</td>
</tr>
<tr>
<td>Employee Contribution @ 2%</td>
<td>0.00 Cr</td>
</tr>
<tr>
<td><strong>Vijay Kumar</strong></td>
<td></td>
</tr>
<tr>
<td>Basic Pay</td>
<td>10,000.00 Dr</td>
</tr>
<tr>
<td>House Rent Allowance</td>
<td>4,000.00 Dr</td>
</tr>
<tr>
<td>Conveyance</td>
<td>800.00 Dr</td>
</tr>
<tr>
<td>Overtime Pay</td>
<td>825.00 Dr</td>
</tr>
<tr>
<td>Variable Pay</td>
<td>1,500.00 Dr</td>
</tr>
<tr>
<td>Professional Tax</td>
<td>200.00 Cr</td>
</tr>
<tr>
<td>Employee Contribution @ 1%</td>
<td>700.00 Cr</td>
</tr>
<tr>
<td>Employee Contribution @ 2%</td>
<td>0.00 Cr</td>
</tr>
</tbody>
</table>

**Name:**

**Pay Period:** 1-Apr-2009 to 30-Apr-2009

![Accept? Yes or No](image)

5. Press **Enter** to accept.

---

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

### 3.2.2 Bank Transfer

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

**Example 3:**

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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Vijay Kumar</th>
<th>Rahul</th>
<th>Mahesh</th>
<th>Ajay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Pay</td>
<td>500</td>
<td>-</td>
<td>-</td>
<td>1200</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:

```
<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Attendance/Production Type</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ajay</td>
<td>Present</td>
<td>21 Days</td>
</tr>
<tr>
<td>Mahesh</td>
<td>Present</td>
<td>26 Days</td>
</tr>
<tr>
<td>Rahul</td>
<td>Present</td>
<td>20 Days</td>
</tr>
<tr>
<td>Vijay Kumar</td>
<td>Present</td>
<td>25 Days</td>
</tr>
</tbody>
</table>
```

Narration:
Attendance for May 2009.
In the same way, create an Attendance Voucher for **Overtime Hours**.
The completed **Attendance Voucher for Overtime Hours** is displayed as shown:

![Attendance Voucher for Overtime Hours](image)

- Press **Enter** to accept.

**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:

```
Pay Heads - Creation

<table>
<thead>
<tr>
<th>Name</th>
<th>Pay Head Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary Payable</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

|-----------------------------|----------------|

Pay Head Type

Under

Opening Balance (on 1 Apr. 2009)

Accept?

Yes or No
```

- Press **Enter** to accept

### Step 3: Create Payroll Voucher

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

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

```
Payroll Auto Fill

<table>
<thead>
<tr>
<th>Process for</th>
<th>From (blank for beginning)</th>
<th>To (blank for end)</th>
<th>Employee Category</th>
<th>Employee Group</th>
<th>Payroll Ledger</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>01-05-2009</td>
<td>31-05-2009</td>
<td>Primary Cost Category</td>
<td>All Items</td>
<td></td>
</tr>
</tbody>
</table>

Process List

<table>
<thead>
<tr>
<th>ESI Contribution</th>
<th>PF Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td></td>
</tr>
</tbody>
</table>
```

5. Specify **01-05-2009** in the **From** field
6. Specify **31-05-2009** in the **To** field
7. Select **All Items** as **Employee/Group**
8. Select **Salary Payable** in the **Payroll Ledger** field as shown

![Figure 3.20 Payroll Autofill - Payroll Ledger selection](image)

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

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

![Figure 3.21 Completed Payroll Voucher](image)

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

### 3.2.3 Payment of Salaries (Salary Disbursement)

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

**Example 4:**


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

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

1. Press **F5** for **Payment Voucher**
2. Press **F2**, specify the date as **31-05-2009** and press **Enter**
3. Press **Alt+A** (Payroll Auto Fill) to prefill employee payroll details

In the **Payment Auto Fill** screen,

- Select **Salary Payment** in the **Process for** field as shown.

![Payment Auto Fill - Payment Process Selection](image)

- Specify **01-05-2009** as **From** period
- Specify **31-05-2009** as **To** period
- Specify **Voucher Date** as **31-05-2009**
- Select **Primary Cost Category** in the **Employee Category** field
- 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

---

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The completed **Payment Auto Fill** screen is displayed as shown:

![Payment Auto Fill Screen](image)

Figure 3.23  Payment Auto Fill screen

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

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

![Payment Voucher](image)

Figure 3.24  Payment Voucher

6. Press **Enter** to accept.

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

- If any cash disbursements are made prior to the payment voucher entry, after using the Auto-Fill facility, select the unpaid salaries and enter zero (0) in the amount payable.

- If salaries are disbursed by cheque, select individual employee in the Auto Fill Employee Filter and print the cheque for the payment voucher. You have to create separate payroll payment entries for each employee.
Lesson 4: Accounting for Employer PF Contributions

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

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

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

The Contribution payable by the Employer is not to be deducted from the wages of the employee. However, the employer has to deduct employee’s share from their Salaries and pay the same in EPF scheme. The deduction can be made only from the wages pertaining to a period for which contribution is paid. However, if there is an accidental omission, the amount can be recovered later.
Out of the employer's contribution of 12% or 10%, the Employer's contribution of 8.33% is diverted to Employees' Pension Scheme and the balance is retained in the EPF scheme. On retirement, the employee gets his full share plus the balance of Employer's share retained to his credit in the EPF account.

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

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

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

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

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

As discussed earlier, the statutory features viz., EPF & ESI etc., are required to be configured in **F11: Statutory & Taxation** Features. In this section, we will discuss, recording of transactions related to computation and contribution of Provident Fund.
Illustration 1:

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

The same is accounted as shown:

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

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

4.1 Creation of Employer PF Contribution Masters

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

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

I. Employer Contributions Pay Head

<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. > Pay Heads > Create

In the Pay Heads Creation screen,

1. Type Employer EPS @ 8.33% as the Name of the Pay Head
2. Select Employer’s Statutory Contributions in the field Pay Head Type
3. In the field **Statutory Pay Type**, select **EPS Account (A/c No. 10)** as shown

![Figure 4.1 Employer EPS @ 8.33% Pay Head Creation](image)

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

5. Set **Affect Net Salary** to **No**

6. By default the **Calculation Type** is set to **As Computed Value** and **Calculation Period** as **Months**

7. Select **Normal Rounding** as the **Rounding Method** and 1 as the rounding **Limit** and press **Enter**
   - In the **Computation Info** section,
     - Select **On Specified Formula** in the **Compute** field
     - Press **Enter**, the **Compute** subscreen appears
     - In the **Compute** Sub screen,
Select **Basic Pay** as the **Add Pay Head** function from the **list of Pay Heads** as shown.

![Figure 4.2 Compute Subscreen](image)

- Select **End of List**
- Specify **1-4-2009** as the **Effective From** date
- Specify **6500** in the **Amount Upto** column
- Select **Percentage** as the **Slab Type** from the **List of Slabs** and specify **8.33%** in the **Value Basis** field and press **Enter**
- The **From Amount** is prefilled as **6500**, press **Enter** to skip the **Amount Upto** field
- Select **Value** as the **Slab Type** from the **List of Slabs**
- Specify **541** in the **Value Basis** field and press **Enter**
The completed **Employer EPS @ 8.33% Pay Head Creation** screen is displayed as shown:

![Completed Pay Head Creation Screen](image)

8. Press **Enter** to accept

**ii. Employer Contribution EPF @ 3.67% Pay Head**

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

In the **Pay Heads Creation** screen,

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

The Pay Head Creation screen is displayed 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** subscreen displays
   - In the **Compute** sub-screen,
     - Select **Employee’s PF Contribution @ 12%** from the **List of Pay Heads** as the **Add Pay Head** function and press **Enter**
     - Select **Subtract Pay Head** in **Function** and under **Pay Head** select **Employer EPS @ 8.33%** from the **List of Pay Heads**.

---

Figure 4.4  Employer EPF @ 3.67% Pay Head Creation
The Compute sub-screen is displayed as shown:

![Compute Sub-screen](image)

- 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:

![Completed Employer EPF Pay Head Creation Screen](image)

9. Press **Enter** to accept.

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

### II. Employer PF Admin Charges

<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>
<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 Charges (A/c No.22)</td>
<td>Current Liabilities</td>
<td>No</td>
<td>As computed value</td>
</tr>
</tbody>
</table>
Accounting for Employer PF Contributions

i. PF Administrative Charges @ 1.10% Pay Head Creation

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

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>PF Admin Charges @ 1.10%</td>
<td></td>
</tr>
<tr>
<td>(Admin)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Pay Head Info</th>
<th>Employer’s Other Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay Head Type</td>
<td>Employer’s Other Charges</td>
</tr>
<tr>
<td>Statutory Pay Type</td>
<td>Admin Charges (A/c No. 2)</td>
</tr>
<tr>
<td></td>
<td>Direct Expenses</td>
</tr>
<tr>
<td>Under</td>
<td></td>
</tr>
<tr>
<td>Affect Net Salary</td>
<td>No</td>
</tr>
<tr>
<td>Calculation Type</td>
<td>As User Defined Value</td>
</tr>
</tbody>
</table>

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**

Figure 4.7 PF Admin Charges Pay Head creation
The completed **PF Admin Charges @ 1.10% Pay Head Creation** screen is displayed as shown:

<table>
<thead>
<tr>
<th>Pay Head Creation</th>
<th>Spectrum Software Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>PF Admin Charges @ 1.10%</td>
</tr>
<tr>
<td>@ (1%)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pay Head Info</th>
<th>Computation Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay Head Type: Employer’s Other Charges</td>
<td>Compute: On PF Gross</td>
</tr>
<tr>
<td>Statutory Pay Type: Admin Charges (A/c No. 2)</td>
<td>Effective: 1-Apr-2005</td>
</tr>
<tr>
<td>Under: Current Liabilities</td>
<td>From: 6,500.00</td>
</tr>
<tr>
<td>Affect Net Salary: No</td>
<td>Amount: Percentage</td>
</tr>
<tr>
<td>Calculation Type: As Computed Value</td>
<td>Value Basis: 1.10 %</td>
</tr>
<tr>
<td>Calculation Period: Months</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rounding Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rounding Method: Normal Rounding</td>
</tr>
<tr>
<td>Limit: 1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opening Balance (on 1 Apr 2009):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accept? Yes: No</td>
</tr>
</tbody>
</table>

Figure 4.8 Completed Pay Head Creation - PF Admin Charges

9. Press **Enter** to accept

**ii. EDLI Contribution @ 0.5% Pay Head Creation**

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

In the **Pay Heads Creation** screen:

1. Type **EDLI Contribution @ 0.5%** as the **Name** of the Pay Head
2. Select **Employer’s Other Charges** in the field **Pay Head Type**.
3. In **Statutory Pay Type** filed select **EDLI Contribution (A/c No. 21)** as shown

<table>
<thead>
<tr>
<th>Pay Head Creation</th>
<th>Spectrum Software Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name : EDLI Contribution @ 0.5%</td>
<td></td>
</tr>
<tr>
<td>(Salary) :</td>
<td>Total Op. Bal.</td>
</tr>
</tbody>
</table>

**Pay Head Info**

- **Pay Head Type**
- **Statutory Pay Type**
- **Under**
- **Affect Net Salary** : No
- **Calculation Type** : As User Defined Value

**Employer’s Other Charges**

- **Admin Charges (A/c No. 2) :** EDLI Contributions (A/c No. 21)
- **EDLI Admin Charges (A/c No. 22) :** Direct Expenses
- **EDLI Contribution (A/c No. 21) :**

![Figure 4.9 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:

<table>
<thead>
<tr>
<th>Pay Head Creation</th>
<th>Spectrum Software Solutions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>EDLI Contribution @ 0.5%</td>
<td></td>
</tr>
<tr>
<td>(Salary)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pay Head Info</th>
<th>Computation Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay Head Type</td>
<td>Effective From</td>
</tr>
<tr>
<td>Statutory Pay Type</td>
<td>From Amount</td>
</tr>
<tr>
<td>Pay Head Name</td>
<td>Amount Upto</td>
</tr>
<tr>
<td>Salary</td>
<td>Slab Type</td>
</tr>
<tr>
<td>select EDLI Admin Charges as the Name of the Pay Head</td>
<td></td>
</tr>
<tr>
<td>In the Pay Heads Creation screen,</td>
<td></td>
</tr>
<tr>
<td>1. Type <strong>EDLI Admin Charges @ 0.01%</strong> as the Name of the Pay Head</td>
<td></td>
</tr>
<tr>
<td>2. Select <strong>Employer’s Other Charges</strong> in the field Pay Head Type</td>
<td></td>
</tr>
<tr>
<td>3. In <strong>Statutory Pay Type</strong> filed select <strong>EDLI Admin Charges (A/c No. 22)</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

**iii. EDLI Administrative Charges @ 0.01% Pay Head Creation**

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

In the **Pay Heads** Creation screen,

1. Type **EDLI Admin Charges @ 0.01%** as the Name of the Pay Head
2. Select **Employer’s Other Charges** in the field Pay Head Type
3. In **Statutory Pay Type** filed select **EDLI Admin Charges (A/c No. 22)**
The Pay Head Creation screen is displayed as shown:

<table>
<thead>
<tr>
<th>Pay Head Creation</th>
<th>Spectrum Software Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name: EDLI Admin Charges @ 0.01%</td>
<td>Total Op. Bal.</td>
</tr>
</tbody>
</table>

**Pay Head Info**
- Pay Head Type: EDLI Admin Charges
- Statutory Pay Type: Direct Expenses
- Affect Net Salary: No
- Calculation Type: As User Defined Value

**Employer’s Other Charges**
- Admin Charges (A/c No. 2)
- EDLI Admin Charges (A/c No. 21)
- EDLI Contribution (A/c No. 22)

Opening Balance (on 1 Apr 2009):

Figure 4.11 EDLI Admin Charges Pay Head Creation

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

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

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

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

![Figure 4.12 Completed pay Head for EDLI Admin Charges](image)

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:

![Completed PF Payable Ledger Creation](image)

Figure 4.13 Completed PF Payable Ledger Creation

4. Press **Enter** to accept.

**IV. PF Admin Expenses Ledger**

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
</tr>
</thead>
<tbody>
<tr>
<td>PF Admin Expenses</td>
<td>Indirect Expenses</td>
</tr>
</tbody>
</table>

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:

![Ledger Creation Screen](image)

3. Press **Enter** to accept

### 4.2 Salary Details setup

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

**Create / Alter Salary Details Master**

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

- Go to **Gateway of Tally > Payroll Info. > Salary Details > Alter**
- 1. Select the **Vijay Kumar** one by from the **List of Groups / Employees**
- 2. Add the Pay Heads **Employer EPS @ 8.33%** and **Employer EPF @ 3.67%**
The completed **Salary Details** screen is displayed as shown:

![Salary Details Alteration Screen](image)

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

- It is necessary to include **Employer Contribution Pay Heads** (i.e., **Employer PF** and **Employer Pension Fund** Pay Heads in the Salary Structure of the Employee, to automate the Computation of Employer PF Contribution on the basis of payments made to Employees.

- While, including the Employer Contribution Pay Heads in the Salary Details master, the order of precedence in which the Pay Heads are included must on the basis of their calculation criteria i.e.,

  i. **Earning** Pay Heads
  
  ii. **Deduction** Pay Heads
  
  iii. **Professional Tax** or Income Tax Pay Heads (if any)
  
  iv. **Employee PF Contribution** Pay Heads
  
  v. **Employer PF Contribution** Pay Heads
  
  vi. **Gratuity** (Gratuity is calculated on Basic Pay + DA, hence Gratuity Pay Head can be sequenced in the Salary details of an Employer in any order after Earnings Pay Heads).
4.3 Processing Employer PF Contribution

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

Follow the steps explained below to process Provident Fund.

Go to Gateway of Tally > Payroll Vouchers

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

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

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

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

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

- Specify 1-4-2009 and 30-4-2009 in the From and To Date fields respectively
- Select **Primary Cost Category** in the Employee Category field
- Select **All Items** as Employee/Group field (To process, for a particular group / Employee select the respective Employee / group, as required)
Select PF **Payable** Ledger from the list of Ledger Accounts drop down in the **Payroll Ledger** field as shown

![Figure 4.17 Employee Filters screen – Payroll Ledger Selection](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 displayed as shown:

![Payroll Voucher Creation - PF Contribution](image)

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

![Completed Payroll Voucher](image)

6. Press **Enter** to accept.

### 4.4 Processing PF Admin Expenses

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

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

![Figure 4.20  Employer’s Other Charges screen – Expenses Ledger Selection](image)

Figure 4.20  Employer’s Other Charges screen – Expenses Ledger Selection
- Select PF Admin Charges @ 1.10% Ledger in the Admin Charges (A/c No. 2) field as shown.

![Figure 4.21 Employer’s Other Charges screen – Admin Charges Ledger Selection](image)

- Similarly, select EDLI Contribution @ 0.5% and EDLI Admin Charges @ 0.01% in the EDLI Contribution (A/c No. 21) and EDLI Admin Charges (A/c No. 22) fields respectively.
The completed Employer’s Other Charges subscreen is displayed as shown:

![Completed Employer’s Other Charges screen](image)

- Press **Enter**

4. Type the details of the transaction in the **Narration** field
5. Press **Enter** to accept and save.

### 4.5 Payment of Provident Fund

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

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

**Step 1: Create PF Payment Voucher**

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

1. Press **F5** for **Payment Voucher**
2. Press **F2**, specify **30-04-2009** as the **Voucher Date** and press **Enter**
3. Press **Alt+A** (Payment Auto Fill) to prefill PF details
Select PF Challan in the Process for field from the Process List screen

- 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 Employee 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 is displayed as shown:

Figure 4.26 PF Payment Voucher with Employer PF Contribution details
5. Press **Enter** again, to prefill the amount of **Employee Contributions** during the relevant month.

![Figure 4.27 PF Payment Voucher - with Employee Contribution details](image-url)
6. Press Enter thrice again, to prefill EDLI Admin Expenses, EDLI Contribution and PF Admin Charges during the selected month as shown:

```
Accounting Voucher Creation Spectrum Software Solutions Ctrl + M E

Payment  No. 1  30-Apr-2009

Payroll Auto Fill - (PF Chalan)

Account : HDFC Bank
Debit : 4,93,648.00 Dr

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>DL Admin Charges @ 0.01%</td>
<td>9.00</td>
</tr>
<tr>
<td>PF Admin Charges @ 1.1%</td>
<td>296.00</td>
</tr>
<tr>
<td>PF Admin Charges @ 1.1%</td>
<td>296.00</td>
</tr>
</tbody>
</table>

Provide Details : No

Narration: 9,664.00
```

Figure 4.28 PF Payment Voucher with Employer Other charges details

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

The completed Provide Details subscreen is displayed as shown:

```
<table>
<thead>
<tr>
<th>Provide Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheque/DD No    : 245547</td>
</tr>
<tr>
<td>Cheque/DD Date  : 30-Apr-2009</td>
</tr>
<tr>
<td>Challan Date    : 30-Apr-2009</td>
</tr>
<tr>
<td>Depositor Name  : Mr. Ram</td>
</tr>
<tr>
<td>Bank Name       : HDFC Bank</td>
</tr>
</tbody>
</table>
```

Figure 4.29 Payment details subscreen
10. Press **Enter** to go back to the **PF Payment Voucher** screen
11. Type the **details of the transaction** in the narration field

The completed **PF Payment Voucher** screen for the month of April 2009, is displayed as shown:

<table>
<thead>
<tr>
<th>Account</th>
<th>HDFC Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Particulars</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Primary Cost Category</strong></td>
<td></td>
</tr>
<tr>
<td>Ajay</td>
<td>6.00 Dr</td>
</tr>
<tr>
<td>Mahesh</td>
<td>2.00 Dr</td>
</tr>
<tr>
<td>Rahul</td>
<td>2.00 Dr</td>
</tr>
<tr>
<td>Vijay Kumar</td>
<td>2.00 Dr</td>
</tr>
<tr>
<td><strong>EDLI Contribution @ 0.5%</strong></td>
<td>130.00</td>
</tr>
<tr>
<td>Cur Bal: 6.00 Dr</td>
<td></td>
</tr>
<tr>
<td><strong>Primary Cost Category</strong></td>
<td></td>
</tr>
<tr>
<td>Ajay</td>
<td>32.50 Dr</td>
</tr>
<tr>
<td>Mahesh</td>
<td>32.50 Dr</td>
</tr>
<tr>
<td>Rahul</td>
<td>32.50 Dr</td>
</tr>
<tr>
<td>Vijay Kumar</td>
<td>32.50 Dr</td>
</tr>
<tr>
<td><strong>PF Admin Charges @ 1.10%</strong></td>
<td>286.00</td>
</tr>
<tr>
<td>Cur Bal: 6.00 Dr</td>
<td></td>
</tr>
<tr>
<td><strong>Primary Cost Category</strong></td>
<td></td>
</tr>
<tr>
<td>Ajay</td>
<td>71.50 Dr</td>
</tr>
<tr>
<td>Mahesh</td>
<td>71.50 Dr</td>
</tr>
<tr>
<td>Rahul</td>
<td>71.50 Dr</td>
</tr>
<tr>
<td>Vijay Kumar</td>
<td>71.50 Dr</td>
</tr>
</tbody>
</table>

Provide Details: Yes

Narration: Ch. No.: 2456547, PF Payment for April 2009

![Figure 4.30 Completed PF Payment Voucher screen](image)

12. Press **Enter** to accept

**Step 2: Print PF Payment Challan**
- Press **Pg UP** from the **Voucher Entry** screen shown above
- Press **Alt + P**, the **Voucher Printing** screen is displayed as shown:

![Figure 4.31 Voucher Printing Screen](image)
In the **Voucher printing** screen, select **Yes** in the **Print Challan** field

Press **Enter** to Print

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

![Figure 4.32 Printed PF Payment Challan](image-url)
Lesson 5: Accounting for Employer ESI Contributions

Lesson Objectives

On completion of this lesson, you will be able to

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

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

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

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

As discussed earlier, the statutory features viz., EPF & ESI etc., are required to be configured in F11: Statutory & Taxation Features. In this section, we will discuss, recording of transactions related to computation and contribution of Employee State Insurance.
Illustration 1:
On 1st June 2009, the list of new joinees with their Salary details are given below:

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Department</th>
<th>Date of Joining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suresh</td>
<td>Administration</td>
<td>1-6-2009</td>
</tr>
<tr>
<td>Rajesh</td>
<td>Sales</td>
<td>10-6-2009</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Pay Head</th>
<th>Suresh</th>
<th>rajesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Pay</td>
<td>4,500</td>
<td>5000</td>
</tr>
<tr>
<td>House Rent Allowance</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Conveyance</td>
<td>600</td>
<td>800</td>
</tr>
<tr>
<td>Overtime Pay</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Variable Pay</td>
<td>User — defined</td>
<td>—</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>Applicable based on Slab Rates</td>
<td>—</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>Vijay Kumar</th>
<th>Rahul</th>
<th>Mahesh</th>
<th>Ajay</th>
<th>Suresh</th>
<th>Rajesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Days</td>
<td>26</td>
<td>21</td>
<td>20</td>
<td>22</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>Overtime hours</td>
<td>120 Min</td>
<td>600 Min</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Vijay Kumar</th>
<th>Rahul</th>
<th>Mahesh</th>
<th>Ajay</th>
<th>Suresh</th>
<th>Rajesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Pay</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</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
5.1 Creation of Employer ESI Contribution Masters

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

I. Create Employer ESI Contribution @ 4.75% Pay Head

<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 is displayed as shown:

```
<table>
<thead>
<tr>
<th>Function</th>
<th>Pay Head</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add Pay Head</td>
<td>Basic Pay</td>
</tr>
<tr>
<td>Add Pay Head</td>
<td>House Rent Allowance</td>
</tr>
<tr>
<td>Add Pay Head</td>
<td>Conveyance</td>
</tr>
<tr>
<td>Add Pay Head</td>
<td>Overtime Pay</td>
</tr>
</tbody>
</table>
```

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

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

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

*If you wish to consider a Pay Head (not regular in nature) for ESI Computation but don’t want to consider the same for ESI Eligibility, then set the option **Exclude for ESI Eligibility** to **Yes** in the Pay Head alteration screen.*

The option **Exclude for ESI Eligibility** will be available in the Pay Head screen by setting the option **Allow to Exclude Pay Head for ESI Eligibility** from the **Pay Head Configurations**.
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**

**Figure 5.3  Employer ESI Pay Head Creation**

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

- Specify **4.75%** as the **Value Basis Percentage** in the **Value Basis** field and press **Enter**
- Press **Enter** to accept
The completed **Employer ESI Contribution Pay Head Creation** screen is displayed as shown:

![Completed Employer ESI Pay Head Creation Screen](image)

**Figure 5.4 Completed Employer ESI Pay Head**

- Press **Enter** to accept.

**II. Create ESI Payable Ledger**

Create ESI Payable Ledger as explained below:

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

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:

![ESI Payable Ledger Creation Screen](image)

4. Press **Enter** to accept

### 5.2 Salary Details setup

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

#### Create / Alter Salary Details Master

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

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

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

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

### Figure 5.6  Salary Details Alteration screen

<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>
<th>Computed On</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Apr 2009</td>
<td>Basic Pay</td>
<td>10,000.00</td>
<td>Months</td>
<td>Earnings for Employees</td>
<td>On Attendance</td>
<td>Basic Pay</td>
</tr>
<tr>
<td></td>
<td>House Rent Allowance</td>
<td>800.00</td>
<td>Months</td>
<td>Earnings for Employees</td>
<td>As Computed Value</td>
<td>Basic Pay</td>
</tr>
<tr>
<td></td>
<td>Conveyance</td>
<td>55.00</td>
<td>Yes</td>
<td>Earnings for Employees</td>
<td>Flat Rate</td>
<td>Basic Pay</td>
</tr>
<tr>
<td></td>
<td>Overtime Pay</td>
<td></td>
<td></td>
<td>Earnings for Employees</td>
<td>On Production</td>
<td>Basic Pay</td>
</tr>
<tr>
<td></td>
<td>Variable Pay</td>
<td></td>
<td></td>
<td>Earnings for Employees</td>
<td>As User Defined Value</td>
<td>Basic Pay</td>
</tr>
<tr>
<td></td>
<td>Professional Tax</td>
<td></td>
<td></td>
<td>Employees' Statutory Deductions</td>
<td>As Computed Value</td>
<td>Basic Pay</td>
</tr>
<tr>
<td></td>
<td>Employee's PF Contribution @ 12%</td>
<td></td>
<td></td>
<td>Employees’ Statutory Deductions</td>
<td>As Computed Value</td>
<td>Basic Pay</td>
</tr>
<tr>
<td></td>
<td>ESI Contribution @ 1.75%</td>
<td></td>
<td></td>
<td>Employees’ Statutory Deductions</td>
<td>As Computed Value</td>
<td>Basic Pay</td>
</tr>
<tr>
<td></td>
<td>Gratuity Expenses (Provisional)</td>
<td></td>
<td></td>
<td>Employees’ Statutory Deductions</td>
<td>As Computed Value</td>
<td>Basic Pay</td>
</tr>
<tr>
<td></td>
<td>Employer EPS @ 8.33%</td>
<td></td>
<td></td>
<td>Employees’ Statutory Deductions</td>
<td>As Computed Value</td>
<td>Basic Pay</td>
</tr>
<tr>
<td></td>
<td>Employer EPF @ 3.67%</td>
<td></td>
<td></td>
<td>Employees’ Statutory Deductions</td>
<td>As Computed Value</td>
<td>Basic Pay</td>
</tr>
<tr>
<td></td>
<td>Employer ESI @ 4.75%</td>
<td></td>
<td></td>
<td>Employees’ Statutory Deductions</td>
<td>As Computed Value</td>
<td>Basic Pay</td>
</tr>
</tbody>
</table>

4. **Press Enter to Accept**

- It is necessary to include **Employer ESI Contribution Pay Head** in the **Salary Structure** of the Employees, to automate the Computation of Employer ESI Contribution on the basis of payments made to Employees.

- While, including the Employer Contribution Pay Heads in the Salary Details master, the order of precedence in which the Pay Heads are included is on the basis of their calculation criteria i.e.,
  
  i. **Earning Pay Heads**
  
  ii. **Deduction Pay Heads**
  
  iii. **Employee PF Contribution Ledgers**
  
  iv. **Professional Tax** or Income Tax Ledger (if any)
  
  v. **Employer PF Contribution Ledgers**
  
  vi. **Employer ESI Contribution Ledgers**
  
  vii. **Gratuity** (Gratuity is calculated on Basic Pay + DA, hence Gratuity Pay Head can be sequenced in the Salary details of an Employer in any order).

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

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

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

   ![Payroll Auto Fill - ESI process selection](image)

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

![Figure 5.8 Payroll Autofill – Payroll Ledger selection](image)

5. Press **Enter** to accept and go back to the Payroll Voucher screen
The completed **Employer ESI Contribution** Voucher Creation screen is displayed as shown:

![Completed ESI Voucher](image)

6. Press **Enter** to accept

- **The Employer ESI contribution** will be computed automatically upon selection of **ESI Contribution Process** during Payroll Voucher Entry. However, only for employees those who meet the criteria of monthly earnings not exceeding the prescribed limits will be subject to ESI Contribution.

- In the same way while processing Salaries, the **Employees ESI Contribution** will also be computed based on the Eligibility amount prescribed in **F11: Statutory & Taxation Features**.

### 5.4 Payment of ESI

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

**Step 1: Create ESI Payment Voucher**

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

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

   ![Figure 5.10 Employee Filters subscreen - ESI Process Selection]

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

![Employee Filters Subscreen – Bank Ledger Selection](image-url)
Select ESI Payable Ledger in the Payroll Ledger field

5. Press Enter to accept and go back to the Payment Voucher screen
6. Press **Enter** to prefill the Employer’s ESI Contribution amount for the eligible Employees

![Table of ESI Contributions](image)

**Figure 5.13  ESI Payment Voucher with Employer Contributions**
7. Press Enter again, to prefill the Employee's ESI Contribution amount against the eligible Employees

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESI Payable</td>
<td>600.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee's ESI Contribution</td>
<td>221.00</td>
</tr>
</tbody>
</table>

Provide Details: No

Narration:

Figure 5.14 ESI Payment Voucher with both Employee and Employer Contributions

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

<table>
<thead>
<tr>
<th>Provide Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheque/DD No: 234765</td>
</tr>
<tr>
<td>Cheque/DD Date: 30-Jun-2009</td>
</tr>
<tr>
<td>Challan Date: 30-Jun-2009</td>
</tr>
<tr>
<td>Bank &amp; Branch Code: HDFC &amp; 1002452</td>
</tr>
</tbody>
</table>

Figure 5.15 Complete Provide Details subscreen

11. Press Enter to accept
12. Type the details of the transaction in the narration field
The completed **ESI Payment Voucher** for the month of June 2009 is displayed as shown:

![Completed ESI Payment Voucher](image)

13. Press **Enter** to accept
Step 2: Print ESI Payment Challan

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

<table>
<thead>
<tr>
<th>Voucher Printing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Printer : Printer02 (Net03)</td>
</tr>
<tr>
<td>No. of Copies : 1</td>
</tr>
<tr>
<td>Print Language : English</td>
</tr>
<tr>
<td>Method : Normal Mode</td>
</tr>
<tr>
<td>Page Range : All</td>
</tr>
<tr>
<td>Paper Type : A4</td>
</tr>
<tr>
<td>Paper Size : (8.27&quot; x 11.69&quot;) or (210 mm x 297 mm)</td>
</tr>
<tr>
<td>Print Area : (7.95&quot; x 11.34&quot;) or (202 mm x 290 mm)</td>
</tr>
</tbody>
</table>

Report Titles

Payment Voucher

(with Print Preview)

| Print Challan | ? | Yes |

Print ?

Yes or No

Figure 5.17 ESI Voucher Printing Screen

- In the Voucher printing screen, select Yes in the Print Challan field
- Press Enter to Print
The printed **ESI Payment Challan** for the month of June 2009 of **M/s. Spectrum Software Solutions** is as shown:

![Printed ESI Payment Challan]

**Figure 5.18** Printed ESI Payment Challan
Lesson 6: Payment of Professional Tax

On completion of this lesson, you will be able to:
- Process payment of Professional Tax

6.1 Processing of Professional Tax Payment

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

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

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

**Illustration 1:**

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

The same is accounted as shown:

**Create Payment Voucher**

Go to Gateway of Tally > Accounting Vouchers

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

![Figure 6.1 Employee Filters screen - Payment Ledger Selection](image)

- Select Professional Tax in the Payroll Ledger field
The completed **Employee Filters** screen will is displayed as shown:

![Completed Employee Filters screen](image)

**Figure 6.2 Completed Employee Filters screen**

- Press **Enter** to accept the screen and go back to the **Payment Voucher** screen
- Press **Enter** to prefill the Professional Tax amount in the Payment Voucher
The completed **Professional Tax** Payment Voucher is displayed as shown:

![Completed Professional Tax Payment Voucher](image)

5. Press **Enter** to Accept.

Similarly, process the Professional Tax payments for other months.

- The creation of **Professional Tax** Pay Head is discussed in detail in **Creation of Masters** chapter.
- The procedure to process **Professional Tax Deduction** from Employee Salaries is discussed in detail in the chapter Processing Payroll in Tally.ERP 9.
Lesson 7: Tracking of Salary Advances / Loans

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

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

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

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

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

7.1 Creation of Masters

Tally.ERP 9 allows you to create different ledgers for different types of Loans / Salary Advances. Create the following ledger:

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Pay Head Type</th>
<th>Under</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Salary Advance</td>
<td>Loans and Advances</td>
<td>Loans and Advances (Asset)</td>
</tr>
</tbody>
</table>
I. Create Salary Advance Ledger

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

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

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

![Salary Advance Ledger](image)

7. Press **Enter** to accept.

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

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

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

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

The completed Salary Details screen is displayed as shown:

![Completed Salary details alteration screen](image)

5. Press Enter to accept.
7.3 Payment of Salary Advance

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

Illustration 1:

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

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Salary Advance (Rs.)</th>
<th>Mode of Recovery</th>
<th>Recovery Amount (Rs.) per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rahul</td>
<td>10,000</td>
<td>Monthly Salary</td>
<td>5,000</td>
</tr>
<tr>
<td>Rajesh</td>
<td>3,000</td>
<td>Monthly Salary</td>
<td>1,500</td>
</tr>
</tbody>
</table>

The same is accounted as shown:

i. Create Payment Voucher

Setup:

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

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

1. Press F2 to change the date to 2-07-09
2. In the Dr field, select **Staff Salary Advance** ledger from the list of ledgers

![Figure 1.3 Payment Voucher - Salary Advance Ledger selection](image)

3. Specify **13000** in the **Dr Amount** field and press **Enter**, the Cost Allocations for subscreen appears.

4. In the **Cost Allocations for** subscreen,
   - Select **Primary Cost category** in the **Employee Category** field
   - Select the required **Employee (Rahul)** from the list of Cost Centres and press **Enter**
The **Cost Centre Allocations** screen is displayed as shown:

![Cost Centre Allocations Screen](image)

- Specify **10000** in the *Amount* field
- Similarly, select other **Employee (Rajesh)** from the *List of Cost Centres* and specify the amount (i.e., **3,000**)
The Completed **Cost Allocation** for subscreen is displayed as shown:

![Figure 1.5 Cost Centre Allocation – Sub-screen](image)

- Press **Enter** to accept and go back to the **Payment Voucher**
- 5. Select **HDFC Bank** in the **Cr** field and press **Enter**
- 6. Press **Enter** to accept the **Amount**
- 7. Type the details of the transaction in the narration field
The completed **Payment Voucher** for Salary Advance is displayed as shown:

![Completed Payment Voucher](image)

8. Press **Enter** to accept.

### 7.4 Recovery of Salary Advance

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

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

**Attendance records for July 2009:**

<table>
<thead>
<tr>
<th>Attendance/ Production Types</th>
<th>Vijay Kumar</th>
<th>Rahul</th>
<th>Mahesh</th>
<th>Ajay</th>
<th>Suresh</th>
<th>Rajesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Days</td>
<td>26</td>
<td>24</td>
<td>22</td>
<td>25</td>
<td>21</td>
<td>20</td>
</tr>
</tbody>
</table>
ii. Create Payroll Voucher

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

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

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

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

![Figure 1.7 Payroll Voucher - Salary Advance Recovery Entry](image-url)

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

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

![Completed Payroll Voucher](image)

If there are multiple Loans given to the Employees and if you wish to keep a track of recovered loan amount against the Loan given, then you need to pass a separate payroll voucher in ’As Voucher’ format, as the bill-wise details screen won’t appear in the ’As Pay Slip’ format.
Lesson 8: Accounting for Pay Revision & Arrears

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

- Record Pay Revisions and Arrears in Tally.ERP 9

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

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

8.1 Salary Revision / Arrear Calculation for Prior Period

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

Illustration 1:

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

<table>
<thead>
<tr>
<th>Employee / Pay Components</th>
<th>Basic</th>
<th>HRA</th>
<th>Conveyance</th>
<th>Variable Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mahesh</td>
<td>50000</td>
<td>40%</td>
<td>2000</td>
<td>User-defined</td>
</tr>
</tbody>
</table>

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

**Step 1: Modify / Alter Salary Details**

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

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

![Salary Details Alteration Screen](image-url)

Figure 8.1 Salary Details Alteration Screen
Start Type Options:

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

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

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

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

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

<table>
<thead>
<tr>
<th>Effective From</th>
<th>Pay Head</th>
<th>Rate</th>
<th>Pay Head Type</th>
<th>Calculation Type</th>
<th>Computed On</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 May 2005</td>
<td>Basic Pay</td>
<td>50,000.00</td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>House Rent Allowance</td>
<td>2,600.00</td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Conveyance</td>
<td></td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Overtime Pay</td>
<td></td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Variable Pay</td>
<td></td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Professional Tax</td>
<td></td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee’s PF Contribution @ 12%</td>
<td></td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee’s ESI Contribution @ 1.75%</td>
<td></td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gratuity Expenses (Provisional)</td>
<td></td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employer EPS @ 8.33%</td>
<td></td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employer EPF @ 3.67%</td>
<td></td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employer ESI @ 4.75%</td>
<td></td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Staff Salary Advance</td>
<td></td>
<td>As Computed Value</td>
<td>Basic Pay</td>
<td></td>
</tr>
</tbody>
</table>

Accept? **Yes** or **No**

Figure 8.2 Completed Salary revision screen

- Press **Enter** to accept
Step 2: Arrear Calculation Voucher
Go to Gateway of Tally > Payroll Vouchers
  - Press Ctrl+F4 for Payroll Voucher
  - Press Alt+A (Payroll Auto Fill) to prefll employee payroll details
  - In the Payroll Auto Fill subscreen
    - Select Salary in the Process for field
    - Specify 1-5-2009 and 31-7-2009 in the From and To fields respectively
    - Select Mahesh as Employee/Group
    - Select Salary Payable in the Payroll Ledger field

The completed Auto Fill subscreen is displayed as shown:

![Payroll Auto Fill subscreen](image)

- Press Enter to automatically prefill the salary arrear amounts for the selected period
The completed Payroll Voucher for Arrear calculation is displayed as shown:

![Payroll Voucher - Arrear calculation](image)

Figure 8.4 Payroll Voucher – Arrear calculation

- Press Enter to Accept

**Step 3: Payment of Arrears**

Go to Gateway of Tally > Accounting Vouchers

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

![Salary Arrears Payment Voucher](image)

- Press **Enter** to Accept.

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

**Illustration 2:**

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

The revised Salary structure is as follows:

<table>
<thead>
<tr>
<th>Employee / Pay Components</th>
<th>Basic</th>
<th>HRA</th>
<th>Conveyance</th>
<th>Variable Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ajay</td>
<td>11000</td>
<td>30%</td>
<td>2000</td>
<td>User-defined</td>
</tr>
</tbody>
</table>

The Attendance records for August 2009 is as follows:

<table>
<thead>
<tr>
<th>Attendance/ Production Types</th>
<th>Vijay Kumar</th>
<th>Rahul</th>
<th>Mahesh</th>
<th>Ajay</th>
<th>Suresh</th>
<th>Rajesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Days</td>
<td>26</td>
<td>22</td>
<td>25</td>
<td>26</td>
<td>26</td>
<td>26</td>
</tr>
</tbody>
</table>

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

**Step 1: Modify / Alter Salary Details**

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

- Select Ajay from the List of Groups / Employees
- Tab down to End of List, by pressing Enter
- Specify 01-08-2009 in the Effective From field and press Enter
- Select Copy From Previous Value from the Start Type drop down list
The Salary Details Alteration screen is displayed as shown:

![Salary Details Alteration Screen](image-url)

**StartType Options**

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

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

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

- Press **Enter** to prefill the pay structure (comprising of Earning & Deduction Pay Heads) of the preceeding period for the specified period.

- Press **Enter** on **Basic Pay** Pay Head and alter the amount to **11000**.

- Press **Enter** on **HRA** Pay Head and alter the percentage to **30%** (To alter the percentage, ensure in F12: **Configure, Allow to Override Slab Percentage** is set to **Yes**)

- Tab down to **Conveyance** Pay Head and alter the amount to **2000**.
The completed **Salary Details** screen is displayed as shown:

![Completed Salary Alteration screen](image)

**Figure 8.7 Completed Salary Alteration screen**

- **Press Enter to Accept**

**Step 2: Record Attendance**

Record **Attendance** voucher in the manner as explained in previous chapters.
The completed Attendance Voucher for August 2009 is displayed as shown:

![Figure 8.8 Completed Attendance Voucher](image)

### Step 3: Process Payroll Voucher

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

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

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

![Completed Payroll Voucher](image)

You may process Employer and Employee’s contribution to Provident Fund and Employee’s State Insurance and payment of Profession Tax in the manner as discussed in the earlier chapters.
Lesson 9: Processing Payroll for Contract Employees

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

- Process Salaries for Contract Employees

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

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

Illustration 1:

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

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

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name of Employee</th>
<th>Department / Group</th>
<th>Tenure</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>James</td>
<td>Contract Employees</td>
<td>6 Months</td>
<td>5 Aug 09</td>
<td>5 Feb 10</td>
</tr>
<tr>
<td>2</td>
<td>Vineet</td>
<td>Contract Employees</td>
<td>9 Months</td>
<td>5 Aug 09</td>
<td>5 May 10</td>
</tr>
</tbody>
</table>
The Salary details for the above contract employees is as shown:

<table>
<thead>
<tr>
<th>Employee / Pay Heads</th>
<th>Basic Wages</th>
<th>Overtime</th>
<th>Local Conveyance</th>
</tr>
</thead>
<tbody>
<tr>
<td>James</td>
<td>2000</td>
<td>50 / hr</td>
<td>On Actuals</td>
</tr>
<tr>
<td>Vineet</td>
<td>2500</td>
<td>50 / hr</td>
<td>On Actuals</td>
</tr>
</tbody>
</table>

The same is accounted for as shown:

In Tally.ERP 9, execute the following steps to process Salaries for Contract Employees:
- Create Employee Masters
- Create Pay Heads
- Record Attendance details
- Create Salary Details
- Process Payroll

9.1 Create Employee Masters

As discussed in the earlier chapters, you need to create the following Employee Masters to:
1. Employee Group
2. Employees

I. Create Employee Group Master

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

Go to Gateway of Tally > Payroll Info. > Employee Groups > Create
- Select Primary Cost Category from the List of Categories in the Category field
- Type Contract Employees in the Name field
- Select Primary in the Under field and press Enter

The completed Employee Group Creation screen is displayed as shown:

![Completed Employee Group Creation](image)

- Press Enter to Accept
II. Create Employee Master
Go to Gateway of Tally > Payroll Info. > Employees > Create
- Select Primary Cost Category from the List of Categories in the Category field
- Type the Name of the Employee in the Name field
- Select Contract Employees in the Under field
- Type the Date of Joining as 05-08-2009
- Enter other Employee Information.
The completed Employee Creation screen is displayed as shown:

![Employee Creation screen](image)

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

9.2 Create Pay Heads
Create the following Pay Heads:

<table>
<thead>
<tr>
<th>Pay Head</th>
<th>Pay Head Type</th>
<th>Under</th>
<th>Affect Net Salary</th>
<th>Calculation Type</th>
<th>Calculation Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Wages</td>
<td>Earnings for Employees</td>
<td>Indirect Expenses</td>
<td>Yes</td>
<td>on Attendance</td>
<td>Months</td>
</tr>
<tr>
<td>Overtime</td>
<td>Earnings for Employees</td>
<td>Indirect Expenses</td>
<td>Yes</td>
<td>on Production</td>
<td>Months</td>
</tr>
<tr>
<td>Local Conveyance</td>
<td>Reimbursements to Employees</td>
<td>Indirect Expenses</td>
<td>Yes</td>
<td>As User Defined Value</td>
<td>-</td>
</tr>
</tbody>
</table>
i. Create Basic Wages Pay Head

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

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

![Figure 9.3 Pay Head Creation – Basic Wages]

- Press Enter to Accept.

Similarly, create Overtime Pay Head with On Production as the Attendance Type.
ii. Create Local Conveyance Pay Head

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

![Figure 9.4 Pay Head Creation – Local Conveyance](image)

- Press **Enter** to Accept.

iii. Salary Details setup

Create the salary details for the above contract employees as discussed in the earlier chapters.
The completed **Salary Details** creation screen for James is displayed as shown.

![Salary Details creation screen](image)

- Press **Enter** to Accept.

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

### 9.3 Record Attendance details

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

<table>
<thead>
<tr>
<th>Attendance/Production Type</th>
<th>James</th>
<th>Vineet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absent</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Overtime</td>
<td>15 Hrs</td>
<td>17 Hrs</td>
</tr>
</tbody>
</table>

**Step 1: Create Attendance Voucher**

Go to **Gateway of Tally > Payroll Vouchers** > Press **Ctrl+F5** for **Attendance Vouchers**
The completed Attendance Voucher for the Contract Employees is displayed as shown:

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Attendance/Production Type</th>
<th>Value</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>James</td>
<td>Absent</td>
<td></td>
<td>1 Days</td>
</tr>
<tr>
<td>Vineet</td>
<td>Absent</td>
<td></td>
<td>2 Days</td>
</tr>
</tbody>
</table>

Figure 9.6 Completed Attendance Voucher

- Press **Enter** to Accept

**Step 2: Create Production Voucher**

Go to **Gateway of Tally > Payroll Vouchers >** Press **Ctrl+F5** for **Attendance Vouchers**
The **Production Voucher** for Overtime hours is displayed as shown:

![Completed Production Voucher](image)

- Press **Enter** to Accept.

### 9.4 Process Payroll

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

<table>
<thead>
<tr>
<th>Reimbursements Particulars</th>
<th>James</th>
<th>Vineet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Conveyance</td>
<td>1250</td>
<td>1225</td>
</tr>
</tbody>
</table>

The same is accounted as shown:

- Create Payroll Voucher
  - Go to Gateway of Tally > Payroll Vouchers > Press **Ctrl+F4** for Payroll Voucher
The completed **Payroll Voucher** for Contract Employees for the month of August 2009 will appear as shown:

![Completed Payroll Voucher](image)

Figure 9.8  Completed Payroll Voucher

- Press **Enter to Accept**.
Lesson 10: Payroll Reports

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

- Payroll Reports
- Payroll Statutory Reports
10.1 Payroll Reports

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

Chart showing Payroll Reports in Tally.ERP 9

Figure 10.1 Payroll Reports in Tally.ERP 9
We shall discuss each report in detail in the sections as explained below:

10.1.1 Pay Slip

A Pay Slip 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 Pay Slip

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

- Select the required Employee and press Enter

The Pay Slip for the selected employee is displayed as shown:

```
Pay Slip for April 2009

Vilay Kumar
Employee Number : 549
Function : Administration
Designation : Manager
Location : Bangalore
Bank Details : 001254624665, HDFC Bank, Koramangala
Date of Joining : 1-Apr-2009

Attendance Details

<table>
<thead>
<tr>
<th>Date</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance</td>
<td>15.00 Hrs</td>
</tr>
<tr>
<td>Present</td>
<td>26 Days</td>
</tr>
</tbody>
</table>

Earnings

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Gross Salary</th>
<th>Deductions</th>
<th>Amount</th>
<th>Gross Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>10,000.00</td>
<td>10,000.00</td>
<td>Professional Tax</td>
<td>200.00</td>
<td>200.00</td>
</tr>
<tr>
<td>House Rent Allowance</td>
<td>4,000.00</td>
<td>4,000.00</td>
<td>EPF @ 12%</td>
<td>760.00</td>
<td>760.00</td>
</tr>
<tr>
<td>Conveyance</td>
<td>650.00</td>
<td>650.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overtime Pay</td>
<td>825.00</td>
<td>825.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variable Pay</td>
<td>1,500.00</td>
<td>1,500.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Earnings</strong></td>
<td><strong>17,125.00</strong></td>
<td><strong>17,125.00</strong></td>
<td><strong>Total Deductions</strong></td>
<td><strong>980.00</strong></td>
<td><strong>980.00</strong></td>
</tr>
</tbody>
</table>

Net Amount

<table>
<thead>
<tr>
<th>Amount</th>
<th>Gross Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>16,145.00</td>
<td>16,145.00</td>
</tr>
</tbody>
</table>
```

Figure 10.2 Pay Slip

In Tally.ERP 9 Payroll, the Pay Slip 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 Pay Slip</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>Yes</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>No</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 10.3 Pay Slip 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 Pay Slip are explained as follows:

- **Show Vertical Pay Slip** – Set this option to **Yes** to view / print the Pay Slip 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 Joining Date** – Set this option to **Yes** to display the date of joining for Employee.
- **Show Attendance/Production Details** – Set this option to **Yes** to display Attendance/Production information.
- **Show Attendance/Production Groups** – Set this option to **Yes** to display the grouping of the Attendance/Production data as defined during the creation of Types.
- **Display Attendance/Production Type in Tail Units** – For compound units used in Attendance/Production Type, set this option to **Yes**, to display the value of the Attendance/Production details in the Tail unit. If this option is set to **No**, the Production units will display in primary units.
- **Show Year To Date values** – Set this option to **Yes** to display the cumulative value of Attendance/Production records and Earnings /Deductions for any given period.
- **Show Gross Salary** - Set this option to **Yes** by setting the ‘Show Year To Date values’ to **No**, to view Gross Earnings and Deductions for any given period.
- **Remove Zero Entries** – Set this option to **Yes** to remove the Earnings/ Deductions components with Zero value from the Pay Slip.
- **For Attendance/Production also** – Set this option to **Yes** to remove Attendance/Production records with zero values from the Pay Slip.
- **Appearance of Employee Names** – Select the appropriate name style to appear in the Pay Slip (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 Pay Slip (i.e. Alias(Name), Alias only, Name(Alias), Name Only, Pay Slip Name).
The Pay Slip with the above configurations is displayed as shown:

![Pay Slip Image]

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

![Figure 10.5 Configured Pay Slip with Vertical Display](image)

- You can view additional information in the Pay Slip, by pressing **Alt+F1**.
The detailed Pay Slip is displayed as shown:

![Payroll Report](image)

<table>
<thead>
<tr>
<th>Attendance Details</th>
<th>Apr'09</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overtime</td>
<td>90.00 Mins</td>
<td>90.00 Mins</td>
</tr>
<tr>
<td>Total Attendance</td>
<td>344.00 Mins</td>
<td>344.00 Mins</td>
</tr>
</tbody>
</table>

Earnings:
- Basic: 10,000.00
- House Rent Allowance: 4,000.00
- Conveyance: 800.00
- Payroll: 4,000.00

Total Earnings: 17,125.00

Deductions:
- Professional Tax: 200.00
- ESI@12%: 750.00
- Payroll: 750.00

Total Deductions: 1,950.00

Net Amount: 16,175.00

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

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

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

- Press Alt+P from the Pay Slip screen, the Printing Pay Slip screen is displayed as shown:

![Pay Slip Print Configuration screen](image)

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

- In the Printing Pay Slip screen, press Backspace and enable the required option as required
- Press Enter to Print

Additional Options in the Pay Slip Printing screen:

- **Show Pay Slip Note**: This option should be set to Yes if you want to print the Pay Slip Note to appear instead of Authorised Signatory details. The content of this Note can be modified from F12: Configuration screen from Gateway of Tally.

- **Show Pay Slip Message**: This option should be set to Yes if you want to print the customised message on the Pay Slip for specific occasions. e.g. Happy new Year!!!!
The printed Pay Slip of Mr. Vijay Kumar is displayed as shown:

Figure 10.8 Printed Pay Slip
Emailing Pay Slip

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

- Select the required Employee and press Enter
- Press Alt+M, the Mailing Pay Slip screen is displayed as shown:

<table>
<thead>
<tr>
<th>E-Mail Server</th>
<th>To E-Mail Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Server Address</td>
<td><a href="mailto:vijay@spectrum.com">vijay@spectrum.com</a></td>
</tr>
<tr>
<td>(Name Port: Default Port is 25)</td>
<td>CC To (if any):</td>
</tr>
<tr>
<td>Use SSL</td>
<td>Subject:</td>
</tr>
<tr>
<td>(Choose Yes, if using Secured SMTP Server)</td>
<td>Additional Text (if any):</td>
</tr>
<tr>
<td>Use SSL On Standard Port</td>
<td>Information sent As Attachment</td>
</tr>
<tr>
<td>(Choose Yes, if using SSL on Default/Standard SMTP Port)</td>
<td></td>
</tr>
<tr>
<td>From E-Mail Address</td>
<td>Format: HTML (Web-Publishing)</td>
</tr>
<tr>
<td>Authentication User Name:</td>
<td>Resolution: 1024 x 768</td>
</tr>
<tr>
<td>(Only if required)</td>
<td>Show Vertical Pay Slip: No</td>
</tr>
<tr>
<td>Password</td>
<td>Show Gross Salary: No</td>
</tr>
<tr>
<td>Show Employee Details: Yes</td>
<td>Remove Zero Entries: No</td>
</tr>
<tr>
<td>Show Passport Details: Yes</td>
<td>for Attendance/Production also: Yes</td>
</tr>
<tr>
<td>Show Visa Expiry Date: Yes</td>
<td>Appearance of Names:</td>
</tr>
<tr>
<td>Show Joining Date: Yes</td>
<td>Show Authorised Signatory:</td>
</tr>
<tr>
<td>Show Attendance/Production Details: Yes</td>
<td>Show Pay Slip Note:</td>
</tr>
<tr>
<td>Show Attendance/Production Groups: Yes</td>
<td>Show Pay Slip Message: Yes or No</td>
</tr>
<tr>
<td>Display Production Types in Tail Units: No</td>
<td></td>
</tr>
</tbody>
</table>

Figure 10.9 Mailing Pay Slip sub screen

- In the Mailing Pay Slip 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 required
The completed **Mailing Pay Slip configuration** screen is displayed as shown:

![Completed Mailing Pay Slip sub screen](image)

**Figure 10.10  Completed Mailing Pay Slip sub screen**
Mailing Pay Slip Configurations

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

Other options are similar same as Pay Slip Configurations.

- Press Enter to Email the Pay Slip
The **Pay Slip** sent by e-mail when viewed from the mail box of the employee is as shown:

![Pay Slip](image1)

**Exporting Pay Slip to MS Excel**

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

- 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, specify the details as shown:
The completed **Export** screen is displayed as shown:

![Figure 10.12 Export Pay Slip screen](image)

**The Pay Slip exported into Excel will appear as shown:**

![Figure 10.13 Exported Pay Slip](image)

The Pay Slip can also be exported to pdf, jpeg or other formats as per the requirement.

### 10.1.2 Multi Pay Slips

Tally.ERP 9 provides the flexibility to print, E-Mail or export selected or all Pay Slips on Click of a Button.

Before E-mailing the Pay Slips to all Employees, you can check whether the Email ID’s are entered correctly for all Employees.
E-mail IDs
To check the E-Mail IDs entered,
Go to Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Pay Slip > E-Mail IDs

The above report displays the Employees' for whom the E-Mail iD's are either not entered or incorrectly entered. You can press Ctrl+Enter to add or alter the E-Mail ID's for the required Employees. To view the E-Mail ID's for all Employees you can press F5: All Items from the above report.
The E-Mail IDs report for all the Employees is as shown:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Contact Number</th>
<th>E-Mail ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ajay</td>
<td></td>
<td><a href="mailto:ajay@spectrum.com">ajay@spectrum.com</a></td>
</tr>
<tr>
<td>James</td>
<td></td>
<td><a href="mailto:mahesh@spectrum.com">mahesh@spectrum.com</a></td>
</tr>
<tr>
<td>Mahesh</td>
<td>086-52525364</td>
<td><a href="mailto:rahul@spectrum.com">rahul@spectrum.com</a></td>
</tr>
<tr>
<td>Rahul</td>
<td>086-23425234</td>
<td><a href="mailto:rajesh@spectrum.com">rajesh@spectrum.com</a></td>
</tr>
<tr>
<td>Rajesh</td>
<td>086-55669878</td>
<td><a href="mailto:surendra@spectrum.com">surendra@spectrum.com</a></td>
</tr>
<tr>
<td>Vimal</td>
<td></td>
<td><a href="mailto:vijay@spectrum.com">vijay@spectrum.com</a></td>
</tr>
<tr>
<td>Vinay</td>
<td></td>
<td><a href="mailto:vivek@spectrum.com">vivek@spectrum.com</a></td>
</tr>
</tbody>
</table>

Figure 10.15 E-Mail IDs for All Employees

**E-Mail/Print/Export Multi Pay Slips**

To E-Mail/Print/Export all the Pay Slips or selected Pay Slips,

Go to Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Pay Slip > Multi Pay Slips
Select the appropriate **Employee Category** and **Employee Group** in the Employee Filters subscreen as shown:

![Employee Filters](image1)

**Figure 10.16** Employee Filters

Press **Enter** to view the **Multi Pay Slip** report as shown:

![Multi Pay Slip](image2)

**Figure 10.17** Multi Pay Slip screen
Tally.ERP 9 provides the flexibility to **E-Mail/Print or Export** all Pay Slips from the above screen using the standard **Alt+M/Alt+P/Alt+E** buttons from the above screen. The options in the email/print and Export screens are similar to Single Pay Slip report already discussed.

*To E-Mail/Print/Export Pay Slips for selective Employees, you have to select the required Employees using the Space bar.*

*If the cursor is on a particular Category or a Group, then the Pay Slips belonging to that Category or Group only will be E-Mailed/Printed/Exported.*

### 10.1.3 Pay Sheet

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

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

- Select the **All Items** in the **Name of Employee Category** field
- Select **All Items** in the **Name of Employee / Group** as shown:

![Figure 10.18 Employee Filters](image)

- Press **Enter** to display the Pay Sheet
The Pay Sheet is displayed as shown:

![Pay Sheet](image)

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

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

![Configuration](image)
The **F12:Configuration** options in the Pay Sheet are explained as follows.

- **Appearance of Pay Head Types** – Select the required **Pay Head Types** from **Deductions, Earnings** or **All Items**.
- **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 Pay Slip Names for Ledgers** – Set this option to **Yes** to display the Name defined in the Appear in Pay Slip field in the pay head master.
- **Include Employee Groups & Categories** – Set this option to **Yes** to display Category-wise/Group-wise pay sheet. If this option is set to No, the Pay Sheet will appear Employee-wise.
- **Show Category/Group Total** – Set this option to **Yes** to display Category and Group-wise columnar pay head totals.
- **Show Grand Total** – Set this option to **Yes** to display the sum of all pay head columns appearing in the report.
- **Show Attendance Details** - Set this Option to **Yes** to display the Attendance for the Employees
- **Display Production types in Tail Units** - Set this Option to **Yes** to show the Overtime details in minutes.
- **Format** – Select Detailed mode to view Pay Sheet information of employees with their respective category and group. Select Condensed mode when only sum totals are required for each category and group.
- **Show Employee Number** – Set this option to **Yes** to display employee numbers.
- **Show Employee Designation** - Set this Option to **Yes** to show the designation for employees.
- **Expand all levels in Detailed Format** – Set this option to **Yes** to expand all levels and display Employee details.
- **Appearance of Names** – Select the appropriate name style to appear in the paysheet (viz., Alias (Name), Alias only, Name (Alias), Name only).
- **Sorting Method** – Sort the Pay Sheet either by Alphabetically increasing/decreasing, Employee number or by the Default method.
Set the **F12: Configuration** screen is displayed as shown:

![Configuration Screen](image)

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

![Pay Sheet](image)
To view the **Pay Sheet** till date with **Category** and **Group Totals**,
- Press **Alt+F2** and change period as **01-04-2009** to **31-08-2009**
- Press **F12: Configure** and set **Show Category/Group Total** to **Yes**

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

![Pay Sheet with Category and Group Total](image)

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

To view the **Pay Sheet** for a particular Employee Group,
- Press **Ctrl+F7** from the Pay Sheet display, the Employee Filters screen is displayed
- In the **Employee Filters** screen,
  - Select **Primary Cost Category** in the **Employee Category** field
  - Select **Sales** as the **Employee group**
The **Employee Filters** screen is displayed as shown:

![Employee Filters](image)

Figure 10.24 Employee Filters
The **Pay Sheet** for the selected Employee Group is displayed as shown:

![Image of Pay Sheet]

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Employee Number</th>
<th>Employee Designation</th>
<th>Absent</th>
<th>Overtime</th>
<th>Present</th>
<th>Basic</th>
<th>Wages</th>
<th>Conveyance</th>
<th>House Rent Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Cost Category</td>
<td>77 Days</td>
<td>64,027.00</td>
<td>4,800.00</td>
<td>24,521.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ajay</td>
<td>551</td>
<td>Area Sales Manager</td>
<td>20 Days</td>
<td>11,000.00</td>
<td>2,000.00</td>
<td>3,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mahesh</td>
<td>650</td>
<td>Sr. Manager</td>
<td>25 Days</td>
<td>49,007.00</td>
<td>2,000.00</td>
<td>19,221.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rajesh</td>
<td>554</td>
<td>Junior Executive</td>
<td>26 Days</td>
<td>5,000.00</td>
<td>8,000.00</td>
<td>2,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>77 Days</td>
<td>64,027.00</td>
<td>4,800.00</td>
<td>24,521.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 10.25 Employee Group Pay Sheet

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

**Button Options:**

- **Employee Filter Button** – By using the **Employee Filter button (Ctrl+F7)**, view the individual employee/Employee group pay sheet report.

- **New Column** – This option (**Alt+C**) is used to add a new column for any other Pay Head, which is not part of the pay structure.

- **Alter Column** – This option (**Alt+A**) is used to replace an existing column in the report with another Pay Head column.

- **Delete Column** – This option (**Alt+D**) is used to delete an existing column in the report.

You can also print the Pay Sheet, by pressing **Alt+P** and specifying the required options in the **Pay Sheet Print configuration** screen.
The **Pay Sheet Print Configuration** screen is displayed as shown:

![Pay Sheet Print Configuration Screen](image)

**Printing Pay Sheet**

- **Printer**: Printer-02 (Net03)
- **No. of Copies**: 1
- **Print Language**: English
- **Method**: Normal Mode
- **Page Range**: All
- **Paper Type**: A4
- **Paper Size**: (Printing Dimensions)
- **Print Area**: (6.37" x 11.69") or (160 mm x 297 mm)

**Report Titles**

- **Pay Sheet**

(With Print Preview)

- **Increase Line Height for Signature / Stamp**: No

**Print?**

- **Yes or No**

---

*Figure 10.26 Pay Sheet Print Configuration screen*
The Printed Pay Sheet is displayed as shown:

### Spectrum Software Solutions
14, Mysore Road,
Bangalore
Pay Sheet
1-Apr-2009 to 30-Apr-2009

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Overtime</th>
<th>Present</th>
<th>Basic</th>
<th>Conveyance</th>
<th>House Rent Allowance</th>
<th>Overtime Pay</th>
<th>Total Earnings</th>
<th>EPF @ 12%</th>
<th>Provident Fund</th>
<th>Total Deductions</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Cost Category</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>1,620 mins</td>
<td>80 Days</td>
<td>59,423.00</td>
<td>3,800.00</td>
<td>22,482.00</td>
<td>2,025.00</td>
<td>87,710.00</td>
<td>3,120.00</td>
<td>750.00</td>
<td>3,870.00</td>
<td>93,840.00</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>900 mins</td>
<td>26 Days</td>
<td>10,000.00</td>
<td>800.00</td>
<td>4,000.00</td>
<td>825.00</td>
<td>16,625.00</td>
<td>780.00</td>
<td>200.00</td>
<td>980.00</td>
<td>14,645.00</td>
</tr>
<tr>
<td>Vijay Kumar</td>
<td>900 mins</td>
<td>26 Days</td>
<td>10,000.00</td>
<td>800.00</td>
<td>4,000.00</td>
<td>825.00</td>
<td>16,625.00</td>
<td>780.00</td>
<td>200.00</td>
<td>980.00</td>
<td>14,645.00</td>
</tr>
<tr>
<td>Rahul</td>
<td>22 Days</td>
<td>16,923.00</td>
<td>6,789.00</td>
<td>2,025.00</td>
<td>1,120.00</td>
<td>1,292.00</td>
<td>23,692.00</td>
<td>780.00</td>
<td>200.00</td>
<td>980.00</td>
<td>22,712.00</td>
</tr>
<tr>
<td>Sales</td>
<td>720 mins</td>
<td>32 Days</td>
<td>32,500.00</td>
<td>3,000.00</td>
<td>11,683.00</td>
<td>1,200.00</td>
<td>48,393.00</td>
<td>1,580.00</td>
<td>350.00</td>
<td>1,910.00</td>
<td>46,483.00</td>
</tr>
<tr>
<td>Ajay</td>
<td>720 mins</td>
<td>17 Days</td>
<td>6,538.00</td>
<td>2,000.00</td>
<td>1,308.00</td>
<td>1,200.00</td>
<td>11,048.00</td>
<td>780.00</td>
<td>150.00</td>
<td>930.00</td>
<td>10,116.00</td>
</tr>
<tr>
<td>Mahesh</td>
<td>720 mins</td>
<td>15 Days</td>
<td>25,082.00</td>
<td>1,000.00</td>
<td>10,385.00</td>
<td>2,025.00</td>
<td>37,347.00</td>
<td>780.00</td>
<td>200.00</td>
<td>980.00</td>
<td>36,367.00</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1620 mins</td>
<td>80 Days</td>
<td>59,423.00</td>
<td>3,800.00</td>
<td>22,482.00</td>
<td>2,025.00</td>
<td>87,710.00</td>
<td>3,120.00</td>
<td>750.00</td>
<td>3,870.00</td>
<td>93,840.00</td>
</tr>
</tbody>
</table>

While printing the Pay Sheet, you can choose to increase the line height (for each employee line) if you want to create space for the employee’s signature or to affix a stamp. Such a Pay Sheet can also be used for the salary disbursement register.
Press Alt+P to print Pay Sheet and set the Increase Line Height for Signature/Stamp?  field to Yes.  

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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Overtime</th>
<th>Present</th>
<th>Basic</th>
<th>Conveyance</th>
<th>House Rent Allowance</th>
<th>Overtime Pay</th>
<th>Total Earnings</th>
<th>EPF @ 12%</th>
<th>Profssional Tax</th>
<th>Total Deductions</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Cost Category</td>
<td>1,620 Mins</td>
<td>80 Days</td>
<td>59,423.00</td>
<td>3,800.00</td>
<td>22,462.00</td>
<td>2,025.00</td>
<td>87,710.00</td>
<td>3,120.00</td>
<td>750.00</td>
<td>3,870.00</td>
<td>83,840.00</td>
</tr>
<tr>
<td>Administration</td>
<td>900 Mins</td>
<td>26 Days</td>
<td>10,000.00</td>
<td>800.00</td>
<td>4,000.00</td>
<td>825.00</td>
<td>16,625.00</td>
<td>780.00</td>
<td>200.00</td>
<td>980.00</td>
<td>14,645.00</td>
</tr>
<tr>
<td>Vijay Kumar</td>
<td>900 Mins</td>
<td>29 Days</td>
<td>10,000.00</td>
<td>800.00</td>
<td>4,000.00</td>
<td>825.00</td>
<td>16,625.00</td>
<td>780.00</td>
<td>200.00</td>
<td>980.00</td>
<td>14,645.00</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>22 Days</td>
<td></td>
<td>16,923.00</td>
<td></td>
<td>6,769.00</td>
<td></td>
<td>23,692.00</td>
<td>780.00</td>
<td>200.00</td>
<td>980.00</td>
<td>22,712.00</td>
</tr>
<tr>
<td>Rahul</td>
<td>22 Days</td>
<td></td>
<td>16,923.00</td>
<td></td>
<td>6,769.00</td>
<td></td>
<td>23,692.00</td>
<td>780.00</td>
<td>200.00</td>
<td>980.00</td>
<td>22,712.00</td>
</tr>
<tr>
<td>Sales</td>
<td>720 Mins</td>
<td>32 Days</td>
<td>32,500.00</td>
<td>3,000.00</td>
<td>11,693.00</td>
<td>1,200.00</td>
<td>48,393.00</td>
<td>1,560.00</td>
<td>350.00</td>
<td>1,910.00</td>
<td>46,483.00</td>
</tr>
<tr>
<td>Ajay</td>
<td>720 Mins</td>
<td>17 Days</td>
<td>6,538.00</td>
<td>2,000.00</td>
<td>1,308.00</td>
<td>1,200.00</td>
<td>11,046.00</td>
<td>780.00</td>
<td>150.00</td>
<td>930.00</td>
<td>10,116.00</td>
</tr>
</tbody>
</table>
Page 2 of the Printed **Pay Sheet** is as shown:

![Pay Sheet](image)

Figure 10.29 Printed Pay Sheet with space for Signature/ Stamp – Page 2
10.1.4 Payroll Statement

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

Go to Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Payroll Statement

- Select the required pay head and press Enter

The Payroll Statement for Basic Pay Earnings Head for the month of April 2009 is displayed as shown:

<table>
<thead>
<tr>
<th>Payroll Statement</th>
<th>Spectrum Software Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>For All Employees</td>
<td>1 Apr 2009 to 30 Apr 2009</td>
</tr>
<tr>
<td>Particulars</td>
<td>Basic</td>
</tr>
<tr>
<td>Primary Cost Category</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
</tr>
<tr>
<td>Vijay Kumar</td>
<td>10,000.00</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>16,538.00</td>
</tr>
<tr>
<td>Sales</td>
<td>30,962.00</td>
</tr>
<tr>
<td>Total</td>
<td>59,423.00</td>
</tr>
</tbody>
</table>

Figure 10.30 Payroll Statement
You can further configure the Payroll Statement to display the Employee groups and categories, category/group subtotals, grand totals, user-defined Pay Slip names, employee names, employee bank details, sort it by Employee number, by pressing **F12: Configure**

- Enter the details in **F12: Configuration** screen as shown

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

![Configuration Screen](image)

**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 Pay Slip Names for Ledgers** – Set this option to **Yes**, to view the names of pay heads as specified in the **Name to Appear in Pay Slip** field in the Pay Head master creation.

- **Include Employee Groups & Categories** – Set this option to **Yes** to display Category and Group-wise Employee information.

- **Show Category/Group Total** – Set this option to **Yes**, to display Category and Group-wise Totals.

- **Show Grand Total** – Set this option to **Yes**, to display the sum of all the pay head columns in the report.

- **Format** – Select the mode **Detailed** to view payroll information of employees with their respective categories and groups. Select the **Condensed** mode when only sum totals are required for each category and group.
Show Employee PF Account Number – Set this option to Yes, to display the Provident Fund Account number of an employee.

Show Income Tax Number (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 Number, ESI Number, Income Tax Number (PAN), Passport Details, PF Account Number, or by the default method.

The Employee PF Account Number, IT PAN Number, ESI Number, Passport Details, Visa Expiry Date options will be available in F12: Configure only when the options, Show Statutory details and Passport & Visa details, are set to Yes in F12: Payroll Configuration.
The Payroll Statement with the above Configurations is displayed as shown:

```
<table>
<thead>
<tr>
<th>Particulars</th>
<th>Employee Number</th>
<th>Income Tax Number (PAN)</th>
<th>Bank Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>549</td>
<td>APD15204D</td>
<td>HDFC Bank</td>
</tr>
<tr>
<td>Vishay Kumar</td>
<td>551</td>
<td>ARP45958</td>
<td>HDFC Bank</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>562</td>
<td>ARJ12345</td>
<td>HDFC Bank</td>
</tr>
<tr>
<td>Rahul</td>
<td>561</td>
<td>ARJ12345</td>
<td>HDFC Bank</td>
</tr>
<tr>
<td>Sales</td>
<td>560</td>
<td>APD123054</td>
<td>HDFC Bank</td>
</tr>
</tbody>
</table>
```

Grand Total: 59,423.00

![Figure 10.32 Payroll Statement with additional information](image)

- You can also **Email** or **Export Payroll Statement** in the manner as discussed in Pay Slip Section.
- The Button Bar options in Payroll Statement are same as in the Pay-sheets report.

To view Payroll Statement for other Pay Heads, you can either select other Pay Head(s) in the manner as discussed or you may also include other Pay Heads in the above report for comparative analysis or to obtain a cumulative value, by pressing **Alt+C** and selecting the required Pay Head(s).
The **Payroll statement** with additional Pay Heads will be displayed as shown:

![Payroll Statement with additional Columns](image)

**Figure 10.33  Payroll Statement with additional Columns**

### 10.1.5 Payment Advice

A Payment Advice is an intimation letter containing the details of employees with their bank account numbers issued to the banker to transfer a specified sum (salaries earned) to the employees' bank accounts.

As discussed earlier, the contents of the Payment Advice can be altered in **F12: Payroll Configuration** as per the employer’s requirements.

Go to **Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Payment Advice**
The **Printing Configuration** for **Payment Advice** is displayed as shown:

![Printing Configuration for Payment Advice](image)

- Press **Backspace** and enter the details as shown above
- Press **Enter** to print
The printed **Payment Advice** for May 2009 will appear as shown:

![Payment Advice from Spectrum Software Solutions](image)

**Spectrum Software Solutions**
14, Mysore Road,
Bangalore

**Payment Advice**

31-May-2010

The Manager
HDFC Bank

Dear Sir,

Payment Advice from Spectrum Software Solutions A/C # for period 1-May 2009 to 31-May 2009

Please make the payroll transfer from above account number to the below mentioned account numbers towards employee salaries:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Employee</th>
<th>Account No.</th>
<th>Bank Name</th>
<th>Branch</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rahul</td>
<td>001245765542</td>
<td>HDFC Bank</td>
<td>Koramangala</td>
<td>41,116.00</td>
</tr>
<tr>
<td>2</td>
<td>Vijay Kumar</td>
<td>001254524565</td>
<td>HDFC Bank</td>
<td>Koramangala</td>
<td>27,552.00</td>
</tr>
<tr>
<td>3</td>
<td>Ajay</td>
<td>001423137862</td>
<td>HDFC Bank</td>
<td>Koramangala</td>
<td>24,324.00</td>
</tr>
<tr>
<td>4</td>
<td>Mahesh</td>
<td>001463276886</td>
<td>HDFC Bank</td>
<td>Koramangala</td>
<td>126,040.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>2,19,144.00</strong></td>
</tr>
</tbody>
</table>

Yours Sincerely
for Spectrum Software Solutions

Authorised Signatory

Figure 10.35 Printed Payment Advice
The Payment Advice will be available only when the Salaries are processed through Bank Transfer and a Payment voucher is passed for the salaries payable for a given month/period.

You can also Email or Export Payment Advice in the manner as discussed in Pay Slip Section.

10.1.6 Payroll Register

A Payroll Register is a month-wise transaction summary report which displays the number of payroll vouchers passed during a particular month. Additional information can be appended into the Payroll Register, by inserting a new column with the required voucher type i.e., Attendance, Journal, Purchases, Sales and so on.

Go to Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Payroll Register

The Payroll Register is displayed as shown:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Payroll Register</th>
<th>Spectrum Software Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Month</th>
<th>Total Vouchers</th>
</tr>
</thead>
<tbody>
<tr>
<td>September</td>
<td>2</td>
</tr>
<tr>
<td>October</td>
<td>2</td>
</tr>
<tr>
<td>November</td>
<td>3</td>
</tr>
<tr>
<td>December</td>
<td>4</td>
</tr>
</tbody>
</table>

**Grand Total**: 15

Press F12: Configure and set the Appearance of Names and the Periodicity to use as shown.
The **F12: Configuration** screen is displayed as shown:

![F12: Configuration Screen](image)

**Figure 10.37** F12: Configuration

The **Payroll Register** with the above configurations is displayed as shown:

![Payroll Register - Quarterly](image)

**Figure 10.38** Payroll Register - Quarterly

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

<table>
<thead>
<tr>
<th>Voucher Register</th>
<th>Spectrum Software Solutions</th>
<th>Ctrl + M.E.</th>
</tr>
</thead>
<tbody>
<tr>
<td>List of All Payroll Vouchers</td>
<td>1-May-2009 to 31-May-2009</td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td>Particulars</td>
<td>Veh Type</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
<td>----------</td>
</tr>
<tr>
<td>31-5-2009</td>
<td>Basic Pay</td>
<td>Payroll</td>
</tr>
<tr>
<td>31-5-2009</td>
<td>Employer EPS @ 8.33%</td>
<td>Payroll</td>
</tr>
</tbody>
</table>

Figure 10.39 Payroll Voucher Register

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

### 10.1.7 Employee Pay Head Breakup

An Employee Pay Head Breakup report is a columnar report which displays the Group/Department-wise employees’ breakup of a selected earnings or deductions pay head for a specified month/period. This report also displays the opening balance, debit and credit transactions and the closing balance for a specified period.

This report is also helpful in tracking loan 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 is displayed as shown:

![Employee Breakup of Pay Head](image)

To drill down to **Employee Summary report** from the above display,
- Select **Employee Category** and press **Enter**
- Press **Alt+F1** to view the detailed report
The **Employee Summary** screen is displayed as shown:

![Employee Summary screenshot](image)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Payroll Group</th>
<th>Ctrl + M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>57,131.00</td>
<td>61,731.00 Dr</td>
</tr>
<tr>
<td>Suresh</td>
<td>12,116.00</td>
<td>12,216.00 Cr</td>
</tr>
<tr>
<td>Vijay Kumar</td>
<td>49,515.00</td>
<td>49,515.00 Cr</td>
</tr>
<tr>
<td>Contract Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jamena</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vivek</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td>83,847.00</td>
<td>83,847.00 Dr</td>
</tr>
<tr>
<td>Rahul</td>
<td>63,547.00</td>
<td>63,547.00 Dr</td>
</tr>
<tr>
<td>Sales</td>
<td>2,61,355.00</td>
<td>2,61,355.00 Dr</td>
</tr>
<tr>
<td>Ajay</td>
<td>43,292.00</td>
<td>43,292.00 Dr</td>
</tr>
<tr>
<td>Mohesh</td>
<td>2,04,599.00</td>
<td>2,04,599.00 Cr</td>
</tr>
<tr>
<td>Rajesh</td>
<td>12,984.00</td>
<td>12,984.00 Cr</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>4,06,963.00</td>
<td>4,06,963.00 Dr</td>
</tr>
</tbody>
</table>

Figure 10.41 Employee Summary

You can also Email or Export Employee Breakup of Pay Head Report in the manner as discussed in Pay Slip Section.

To drill down to the **Employee Monthly Summary** report from the **Employee Summary report,**
- Highlight the required employee and press **Enter**
The **Employee Monthly Summary** screen is displayed as shown:

![Employee Monthly Summary](image)

To further drill down to Employee Voucher level screen from the Employee Monthly Summary report, press **Enter** on the required month.
The **Employee Summary** voucher level screen is displayed as shown:

![Employee Vouchers Summary](image)

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

The **Employee Breakup of Pay Head** report can be viewed with additional Pay Heads, by pressing **Alt+C** and adding the required Pay Head and by pressing **Alt+N** for multiple periods.

**10.1.8 Pay Head Employee Breakup**

A Pay Head Employee Breakup report displays the sum of transactions and closing balance of the transacted groups for the selected employee.

Go to **Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Pay Head Employee Breakup**
The **Employee Selection** screen is displayed as shown:

![Employee Selection Screen](image)

To view the Pay Head breakup,

- **Select the required Employee from the List of Employees** and press **Enter**
- **Press Alt+F1** for a detailed view
The ledger-wise **Breakup of Employee** screen is displayed as shown:

![Pay Head Employee Breakup](image)

To further drill down to view the Breakup of Employee report for each ledger from the above displayed report, select the required ledger and press **Enter**.
The **Breakup of Employee** screen for a selected ledger (Basic Pay) is displayed as shown:

![Figure 10.46 Ledger Monthly Summary]

You can drill down further to view the Monthly Summary of the selected ledger and the Employee Voucher report.

The **Pay Head Employee Breakup** report can be viewed with additional employees, by pressing **Alt+C** and adding the required Employee and for multiple periods, by pressing **Alt+N**.

### 10.1.9 Attendance Sheet

An Attendance Sheet is a columnar report which displays the details of Attendance/ Production types with the number of attendance/ production units achieved during a particular month or period.

Go to **Gateway of Tally > Display > Payroll Reports > Attendance Sheet**
The **Attendance Sheet** is displayed as shown:

![Attendance Sheet](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 is displayed 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.

- **Show Category/Group Total** – Set this option to **Yes**, to display Category and Group-wise Totals.

- **Include Group Attendance/Production Types** – Set this option to **Yes** to include Group Attendance/Production Types in Attendance Sheet report.

- **Display Attendance/Production Types in Tail Units** – Set this option to **Yes**, to display the Attendance/Production Types in Tail Units.

- **Format** – Select the **Detailed** mode to view the payroll information of employees with their respective categories and groups. Select the **Condensed** mode when only sum totals are required for each category and group.

- **Expand all levels in Detailed Format** – Set this option to **Yes**, to expand all levels and display Employee details.

- **Show Employee Number** – Set this option to **Yes**, to display employee numbers of employees.

- **Appearance of Names** – Select the appropriate name style to appear in the payroll statement (Alias (Name), Alias only, Name (Alias), Name only)

- **Sorting Method** – Sort the Attendance Sheet, either by **Employee Number** or by the **Default** method.
The Attendance Sheet with the above Configurations is displayed as shown:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Employee Number</th>
<th>Absent</th>
<th>Overtime</th>
<th>Present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Cost Category</td>
<td>1,600.00 Mins</td>
<td>20 Days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>200.00 Mins</td>
<td>20 Days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vipin Kumar</td>
<td>649</td>
<td>10 Days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td>900.00 Mins</td>
<td>20 Days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rahul</td>
<td>662</td>
<td>10 Days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>720.00 Mins</td>
<td>15 Days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mohit</td>
<td>660</td>
<td>10 Days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ajay</td>
<td>651</td>
<td>15 Days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 10.49 Attendance sheet

10.1.10 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** is displayed as shown:

![Attendance Register Table](image)

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

The **F12:Configuration** options in **Attendance Register** are as displayed below:

![Configuration Options](image)

Tally.ERP 9 allows you to drill down to the voucher register, from the Attendance Register screen for any kind of verification.
The **Voucher level** screen from **Attendance Register** is displayed as shown:

![Figure 10.52 Attendance Voucher Register](image)

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

**10.2 Expat Reports**

Expat Reports provide information about regular as well as contractual employees, working abroad on a short/long tenure or on assignment. They capture all the relevant information in respect of passport, visa and contract details along with the date of joining, the issuing country and the expiry date. In Tally.ERP 9, the following Expat reports are available.

- Passport Expiry
- Visa Expiry
- Contract Expiry

**10.2.1 Passport Expiry Report**

The Passport Expiry Report provides information on the passport details of employees, such as passport number, country of issue, passport expiry date and other details such as the employee's date of joining and email id.

Go to **Gateway of Tally > Display > Payroll Reports > Expat Reports > Passport Expiry**
The **Passport Expiry Report** is displayed as shown:

![Passport Expiry Report](image)

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

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

![Configuration Screen](image)
Show All Employees – Set this option to Yes, to view the passport details of all employees. It includes information on expired and unexpired passport details. If this option is set to No, Show Expiry in days will be available.

Show Expiry in days – Set this option to Yes, to enter the expiry days. When Show All Employees and Show Expiry in days options are set to No, Tally.ERP 9 filters only those employee passport details, which are nearing the expiry date. If this option is set to Yes, Expiry in next n days will be available.

Expiry in next n days – Set this option to Yes, to get the passport expiry details for the next specified number of days. On entering the number of days, Tally.ERP 9 filters the employee passport details which are likely to expire within the specified period (number of specified days). If this option is left blank, the report will denote the current date (last date of voucher entry).

Show Employee Number – Set this option to Yes, to display the employee number of employees in the report.

Appearance of Names – Select the appropriate name style to appear in the Passport Expiry Report (Alias (Name), Alias only, Name (Alias), Name only).

Sorting Method — Sort employee details based on Employee Number, Passport Expiry Date (Ascending/Descending), or by the default method.

Show Employee Email Id – Set this option to Yes, to view the email ids of employees.

Button options in Passport Expiry Report:

F2: Change Period – Allows you to change the period of the report.

F5: Employee Wise – Allows you to display the Employee-wise Passport Expiry report.

F7: Employee Filters – This option (Ctrl+F7) allows you to display the Passport Expiry Report for a particular Employee Category with the required Group or Employee.

10.2.2 Visa Expiry Report

The Visa Expiry Report provides information on the visa details of employees i.e., visa number, visa Expiry date and other details such as the employee’s date of joining and email id.

Go to Gateway of Tally > Display > Payroll Reports > Expat Reports > Visa Expiry
The **Visa Expiry Report** is displayed as shown:

![Visa Expiry Report Table]

<table>
<thead>
<tr>
<th>Primary Cost Category</th>
<th>Visa Number</th>
<th>Date of Joining</th>
<th>Visa Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ajar</td>
<td></td>
<td>1-4-2008</td>
<td>10-10-2011</td>
</tr>
<tr>
<td>Mahesh</td>
<td></td>
<td>1-4-2009</td>
<td>2-1-2011</td>
</tr>
</tbody>
</table>

Figure 10.55 Visa Expiry Report

The **F12: Configuration** and **Button** Options are the same as shown in Passport Expiry Report.
10.2.3 Contract Expiry Report

The Contract Expiry Report provides information on the contract details of employees on assignment/contract. It displays the contract particulars such as work permit number, contract start and expiry date along with the employee’s date of joining and the email id.

Go to Gateway of Tally > Display > Payroll Reports > Expat Reports > Contract Expiry

The Contract Expiry Report is displayed as shown:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Work Permit Number</th>
<th>Contract Start Date</th>
<th>Date of Joining</th>
<th>Contract Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>James</td>
<td>5-8-2009</td>
<td>5-8-2009</td>
<td>5-8-2009</td>
<td>5-8-2009</td>
</tr>
<tr>
<td>Vinod</td>
<td>5-8-2009</td>
<td>5-8-2009</td>
<td>5-8-2009</td>
<td>5-8-2009</td>
</tr>
</tbody>
</table>

Figure 10.56 Contract Expiry Report

The F12: Configuration and Button Options are the same as shown in Passport Expiry Report.
10.3 Payroll Statutory Reports

In Tally.ERP 9, you can display, print statutory forms and reports for Provident Fund (EPF), Employee State Insurance (ESI) and Professional Tax (PT) in the prescribed format as required by the statutes. The following Statutory reports are available in Tally.ERP 9:

![Diagram of Payroll Statutory Reports]

Figure 10.57 Payroll Statutory Reports in Tally.ERP 9
You can view Payroll Statutory reports either from the Statutory Reports menu or Payroll Reports menu i.e., Gateway of Tally > Display > Statutory Reports > Payroll Reports or Gateway of Tally > Display > Payroll Reports > Statutory Reports

10.3.1 Provident Fund Reports

As mentioned earlier, the following Provident Fund Reports are available in Tally.ERP 9:

- EPF Computation report
- Form 5
- Form 10
- Form 12A
- PF Monthly Statement
- Form 3A
- Form 6A

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

i. PF Computation Report

The PF Computation Report provides the summary of Amount Payable and amount paid in respect of PF for a given period comprising of Employer Contributions, Employee Deductions and Employer’s Other charges, if any. To view PF Computation Report, follow the steps given below:

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Computation
- Press F2 and specify the period as 01-07-2009 to 31-07-2009 and press Enter
The Payroll Statutory Computation Report is displayed as shown:

![Payroll Statutory Computation Report](image)

The report, by default displays the summary of Employee's Provident Fund, Employees’ 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

<table>
<thead>
<tr>
<th>Configuration</th>
<th>Condensed</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Show Provident Fund Details</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Show Employee State Insurance Details</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Show Professional Tax Details</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 10.59 F12: Configurations screen

- Press **Enter**
The **PF Computation** report will be displayed as shown:

![Figure 10.60 PF Computation screen](image)

To view detailed ledger-wise information under each contributions / deductions head, press **Alt+F1**.
The detailed ** Provident Fund ** Computation Report is displayed as shown:

![Figure 10.61 Detailed PF 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 5**

In accordance with the Employees' Provident Funds Scheme, 1952 [para 36 (2)(a)], a return is required to be submitted in Form 5 within 15 days of the following month detailing the list of Employees qualifying for membership to the Employees' Provident Fund for the First time during every month.

Form 5 is a monthly Returns to be submitted with the details of any new employee covered under EPF. In Tally.ERP 9, you can generate Form 5 in the prescribed format containing the details of the new joinees in the organisation for the selected month. To generate the PF Form 5 for the month of June 2009, follow the steps given below:

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > Form 5**

In the **Payroll Statutory Print Configuration** screen,

- Specify **01-06-2009** and **30-06-2009** in the **From** and **To** fields respectively
- Select **All Items** in the **Employee Category** field
- Select **All Items** in the **Employee / Group** field
Select **Account Number** as the **Sorting Method**

Specify **30-06-2009** in the **Date** field

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

![Payroll Statutory Print Configuration screen](image)

Press **Enter** to print.
The printed **PF Form 5** is displayed as shown:

![PF Form 5 Image]

**FORM 5**
THE EMPLOYEES’ PROVIDENT FUNDS SCHEME, 1952

**Return of Employees' qualifying for membership of the Employees’ Provident Fund, Employees’ Pension Fund & Employees’ Deposit Linked Insurance Fund for the first time during the month of June 2009 (To be sent to the Commissioner with Form 2 (EPF & EPS))**

Name and Address of the Factory/Establishment: Spectrum Software Solutions
14, Mysore Road,
Bangalore

Code No. of the Factory/Establishment: KA/ON/12345/00129

<table>
<thead>
<tr>
<th>SNo.</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 (Enclose Scheme Certificate if applicable)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>KA/N1/1(342)</td>
<td>RAJESH</td>
<td>Mr. Shivaraj</td>
<td>24-6-1976</td>
<td>Male</td>
<td>7-6-2009</td>
<td>Incom. 5-10-08</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>KA/N1/1(343)</td>
<td>SURESH</td>
<td>Mr. Kannan</td>
<td>20-5-1976</td>
<td>Male</td>
<td>1-5-2006</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Date: 30-6-2009

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

![Signature Image]

**Figure 10.63 PF Form 5**

In our case study, there are two new employees who have joined during the month of June 2009 and thus Form 5 contains the details of these employees.
iii. Form 10

In accordance with the Employees’ Provident Funds Scheme, 1952 [para 36 (2)(a) & (b)], a Return is required to be submitted in Form 10 within 15 days of the following month detailing the list of members leaving service during the month.

Form 10 is a monthly Return to be submitted with the details of employees leaving the organisation. In Tally ERP 9, on resignation or retirement or expulsion of any employee, the date of leaving is required to be specified in the Employee master of such employee. The Date of Leaving option in the Employee Master is available in the alteration mode. Form 10 contains the details of Employees for whom the date of leaving is specified in the Employee Master.

You can generate Form 10 in the prescribed format containing the details of the employees who have resigned in the selected month. To generate the PF Form 10 for the month of August 2009, follow the steps given below.

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > Form 10

In the Payroll Statutory Print Configuration screen

- Specify 01-09-2009 and 30-09-2009 in the From and To fields respectively
- Select All Items in the Employee Category field
- Select All Items in the Employee / Group field
- Select Account Number as the Sorting Method
- Specify 30-09-2009 in the Date field

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

Press Enter to print
The printed **Form 10** is displayed as shown:

![Form 10](image_url)

**FORM 10**

**THE EMPLOYEES' PROVIDENT FUNDS SCHEME, 1952**

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

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

Name and Address of the Factory/Establishment: Spectrum Software Solutions, 14, Mycore Road, Bangalore

<table>
<thead>
<tr>
<th>SNo</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>K4/06101/23425</td>
<td>RAJESHWAR</td>
<td>Mr. Shrikant</td>
<td>18-9-2000</td>
<td>Personal Reason</td>
<td></td>
</tr>
</tbody>
</table>

Data: 30-9-2009

Signature of the employer or the authorised Officer

Stamp of the Factory/Establishment

Please state whether the member is (a) retiring according to para(08), (b) (a) or (b) of the scheme (b) leaving India for permanent settlement abroad (c) retirement on health (d) totally disabled due to employment injury (e) discharged (f) resigning from the State (g) taking up employment elsewhere (h) any other reason (i) attained the age of 50 years.

Certified that the member mentioned at serial No._______ Shri_______ was paid or not paid retrenchment compensation of Rs_______ under the Industrial Dispute Act, 1947.

Figure 10.65 Printed Form 10
iv. Form 12A

In accordance with the Employees' Provident Funds Scheme, 1952 [para 36(1)] and the Employees' Pension Scheme 1995 [para 20(4)] and the Employees' Deposit Linked Insurance Scheme, 1976, a consolidated Statement of dues and remittance is required to be submitted by 25th of the following month to which the dues relate.

You can generate Form 12A in the prescribed format containing the details of the amount of contribution, amount of contribution remitted and the date of remittance in respect of EPF, Pension Fund and EDLI Contribution for the selected month. To generate the PF Form 12A for the month of August 2009, follow the steps given below.

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > Form 12A

In the Payroll Statutory Print Configuration screen
- Specify 01-08-2009 and 31-08-2009 in the From and To fields respectively
- Select All Items in the Employee Category field
- Select All Items in the Employee / Group field
- Specify the Name & Address of the Bank
- Set Include VPF Account to No
- Specify 2 in the Number of Contract Employees field
- Press Enter to accept 0 in Number of Rest (Temporary Employees) field

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

```
Payroll Statutory Print Configuration

Printer : Printer 1 (Net 02)  Paper Type : A4
No. of Copies : 1  (Printing Dimensions)
Print Language : English  Paper Size : (6.25 x 11.69) or (160 mm x 297 mm)
Method : Neat Mode  Print Area : (6.25 x 11.69) or (160 mm x 297 mm)
Page Range : All

Report Titles
Form 12A
(with Print Preview)

From (blank for beginning) : 1.0.2009
To (blank for end) : 31.8.2009
Employee Category : All Items
Employee/Group : All Items
Name & Address of the Bank : SBI, Koramangala

Include VPF Account : No
Number of Contract Employees : 2
Number of Rest (Temporary Employees) : 0

Print ?  Yes or No
```

- Press Enter to print
The printed **Form 12A** is displayed as shown:

![Printed Form 12A](image)

**Figure 10.67** Printed Form 12A
v. PF Monthly Statement

The PF Monthly Statement provides a summary of Employee wise monthly PF Employee Deductions and Employer Contribution amounts. To print the PF Monthly Statement, follow the steps given below:

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > Monthly Statement

In the Payroll Statutory Print Configuration screen,

- Specify 01-08-2009 and 31-08-2009 in the From and To fields respectively
- Select All Items in the Employee Category field
- Select All Items in the Employee / Group field
- Select Account Number as the Sorting Method

![Figure 10.68  Print Configuration screen](image)

- Press Enter to Print.
The printed **PF Monthly Statement** for August 2009 is displayed as shown:

![PF Monthly Statement](image)

**Employee Provident Fund Scheme - Monthly Statement**

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

**Statement for the Period:** 1-Aug-2009 to 31-Aug-2009

<table>
<thead>
<tr>
<th>Emp No</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>
<th>PF 12%</th>
<th>VP</th>
<th>Total</th>
<th>EPS 8.33%</th>
<th>EPF 3.67%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>551</td>
<td>11641456</td>
<td>Ajay</td>
<td>26</td>
<td>8,500.00</td>
<td>780.00</td>
<td>780.00</td>
<td>541.00</td>
<td>239.00</td>
<td>780.00</td>
<td>541.00</td>
<td>239.00</td>
<td>780.00</td>
</tr>
<tr>
<td>550</td>
<td>11641420</td>
<td>Mahesh</td>
<td>25</td>
<td>6,500.00</td>
<td>780.00</td>
<td>780.00</td>
<td>541.00</td>
<td>239.00</td>
<td>780.00</td>
<td>541.00</td>
<td>239.00</td>
<td>780.00</td>
</tr>
<tr>
<td>552</td>
<td>11641403</td>
<td>Rahul</td>
<td>22</td>
<td>8,500.00</td>
<td>780.00</td>
<td>780.00</td>
<td>541.00</td>
<td>239.00</td>
<td>780.00</td>
<td>541.00</td>
<td>239.00</td>
<td>780.00</td>
</tr>
<tr>
<td>554</td>
<td>11641412</td>
<td>Rajesh</td>
<td>26</td>
<td>5,000.00</td>
<td>600.00</td>
<td>600.00</td>
<td>417.00</td>
<td>183.00</td>
<td>600.00</td>
<td>417.00</td>
<td>183.00</td>
<td>600.00</td>
</tr>
<tr>
<td>553</td>
<td>11641503</td>
<td>Suresh</td>
<td>26</td>
<td>4,500.00</td>
<td>540.00</td>
<td>540.00</td>
<td>375.00</td>
<td>165.00</td>
<td>540.00</td>
<td>375.00</td>
<td>165.00</td>
<td>540.00</td>
</tr>
<tr>
<td>549</td>
<td>11641510</td>
<td>Vicer Kumar</td>
<td>26</td>
<td>5,000.00</td>
<td>780.00</td>
<td>780.00</td>
<td>541.00</td>
<td>239.00</td>
<td>780.00</td>
<td>541.00</td>
<td>239.00</td>
<td>780.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>136</td>
<td>35,500.00</td>
<td>4,260.00</td>
<td>4,260.00</td>
<td>2,950.00</td>
<td>1,304.00</td>
<td>4,260.00</td>
<td>2,950.00</td>
<td>1,304.00</td>
<td>4,260.00</td>
</tr>
</tbody>
</table>

Figure 10.69 PF Monthly Statement
vi. Form 3A

As per the Employees' Provident Funds Scheme, 1952 [para 35 & 42] and the Employees' Pension Scheme 1995 (Para 19), a Form (Member's Annual Contribution Card) showing month wise recoveries towards EPF and Pension Fund in respect of a member for one financial year is required to be furnished by the employer before 30th April of the following year.

Form 3A is a annual contribution card to be furnished for each employee in separate sheets to EPFO. To print Form 3A, follow the steps given below:

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > Form 3A

In the Payroll Statutory Print Configuration screen
- Select All Items in the Employee Category field
- Select All Items in the Employee/Group field
- Specify 01-03-2009 and 28-02-2010 in the From and To fields respectively
- Specify 28-02-2010 in the Date of Printing field

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

![Payroll Statutory Print Configuration](image)

- Press Enter to Print.
The printed **Form 3A** for **Ajay** is displayed as shown:

![Form 3A](image)

---

The next page will contain the Contribution Card in Form 3A for the next employee.
vii. Form 6A

As per the Employees’ Provident Funds Scheme, 1952 [para 43] and the Employees’ Pension Scheme 1975 [para 20], a Form (Consolidated Annual Contribution Statement) providing annual contributions of each member of the establishment is required to be submitted by 30th April.

Form 6A is a vital form for compiling the annual Provident Fund statement of a subscriber. In Tally.ERP 9, you can generate Form 6A in the prescribed format. To print Form 6A, follow the steps given below:

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > Form 6A

In the Payroll Statutory Print Configuration screen

- Specify 01-03-2009 and 28-02-2010 in the From and To fields respectively
- Select All Items in the Employee Category field
- Select All Items in the Employee/Group field
- Select Account Number as the Sorting Method

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

![Payroll Statutory Print Configuration](image)

Press Enter to Print.
The printed **Form 6A** is displayed as shown:

![Form 6A](image-url)

**Figure 10.73** Printed Form 6A - Page 1
The Page 2 of PF Form 6A is displayed as shown:

<table>
<thead>
<tr>
<th>SL No.</th>
<th>Month/Year</th>
<th>Amount remitted</th>
<th>EPF Contributions including refund of advances A/c No. 1</th>
<th>Pension Fund Contributions A/c No. 10 Rs.</th>
<th>ELDI Contribution A/c No. 21</th>
<th>NL &amp; DL Charges A/c No. 2</th>
<th>ELDI Admin. Charges 0.01% A/c No. 22 Rs.</th>
<th>Date of Remittance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>March 2009</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
<td>8.00</td>
<td>36-Apr-2009</td>
<td>30-Apr-2009</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>
<td>8.00</td>
<td>31-May-2009</td>
<td>31-May-2009</td>
</tr>
<tr>
<td>3</td>
<td>June 2009</td>
<td>5,334.00</td>
<td>2,832.00</td>
<td>170.10</td>
<td>374.21</td>
<td>12.00</td>
<td>30-Jun-2009</td>
<td>31-Jul-2009</td>
</tr>
<tr>
<td>4</td>
<td>July 2009</td>
<td>5,249.00</td>
<td>2,787.00</td>
<td>167.41</td>
<td>368.30</td>
<td>12.00</td>
<td>31-Jul-2009</td>
<td>31-Aug-2009</td>
</tr>
<tr>
<td>5</td>
<td>August 2009</td>
<td>5,564.00</td>
<td>2,956.00</td>
<td>177.50</td>
<td>390.50</td>
<td>12.00</td>
<td>31-Aug-2009</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>September 2009</td>
<td>5,564.00</td>
<td>2,956.00</td>
<td>177.50</td>
<td>390.50</td>
<td>12.00</td>
<td>31-Aug-2009</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>October 2009</td>
<td>5,564.00</td>
<td>2,956.00</td>
<td>177.50</td>
<td>390.50</td>
<td>12.00</td>
<td>31-Aug-2009</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>November 2009</td>
<td>5,564.00</td>
<td>2,956.00</td>
<td>177.50</td>
<td>390.50</td>
<td>12.00</td>
<td>31-Aug-2009</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>December 2009</td>
<td>5,564.00</td>
<td>2,956.00</td>
<td>177.50</td>
<td>390.50</td>
<td>12.00</td>
<td>31-Aug-2009</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>January 2010</td>
<td>5,564.00</td>
<td>2,956.00</td>
<td>177.50</td>
<td>390.50</td>
<td>12.00</td>
<td>31-Aug-2009</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>February 2010</td>
<td>5,564.00</td>
<td>2,956.00</td>
<td>177.50</td>
<td>390.50</td>
<td>12.00</td>
<td>31-Aug-2009</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>February 2010</td>
<td>5,564.00</td>
<td>2,956.00</td>
<td>177.50</td>
<td>390.50</td>
<td>12.00</td>
<td>31-Aug-2009</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>24,299.00</td>
<td>12,993.00</td>
<td>775.01</td>
<td>1,705.01</td>
<td>52.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

0. Total number of contribution cards enclosed (Form 3A [Revised]): 6

1. Certified that Form 3A duly completed, and 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 accounts or Remarks furnished against the names of the respective members above.

Signature of the Employer
[With Office Seal]

Note:
1. The names of all members, including those who had left service during the currency period, should be included in this statement. Where the Form 3A in respect of such members had left service were already sent to the Regional Office for the purpose of final settlement of their accounts, the fact should be stated against the members in the Remarks column above that Form 3A already sent in the month of...

2. In case of substantial variation in the wage/ contributions of any member as compared to those shown in previous month statement, the reasons should be explained adequately in the Remarks column.

3. In respect of those members who have not opted for the Pension Fund, their entire employers contribution as the case may be should be under column No. 6.

Figure 10.74 Printed Form 6A - Page 2
viii. E-Return for PF Form 3A
Tally.ERP 9 also allows to generate the **PF Form 3A** in **dbf format**. The dbf format of this form can be copied to a CD and submitted to the PF department.

To generate the PF Form 3A in dbf format,

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

- Press Backspace and specify the details as shown:

![Exporting Form 3A](image)

- Press **Enter** to Export the form in the required format.

> The **Out File Name** can be changed with the `.dbf` extension to by default export the form in the required format. Or the Form can be exported in the **Excel Format** and renamed by changing the extension as `.dfb`.

**10.3.2 Employee’s State Insurance Reports**

As mentioned earlier, the following ESI Reports are available in Tally.ERP 9:

- ESI Computation Report
- Form 3
- ESI Monthly Statement
- Form 5
- Form 6

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

The ESI Computation Report provides the summary of Amount Payable and amount paid in respect of ESI for given period comprising of Employer Contributions and Employee Deductions. To view ESI Computation Report, follow the steps given below:

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Computation
- Press F2 and specify the period as 01-07-2009 to 31-07-2009 and press Enter

![Payroll Computation Report](image)

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

<table>
<thead>
<tr>
<th>Configuration</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Format</td>
<td>Condensed</td>
</tr>
<tr>
<td>Show Provident Fund</td>
<td>No</td>
</tr>
<tr>
<td>Show State Insurance</td>
<td>Yes</td>
</tr>
<tr>
<td>Show Professional Tax</td>
<td>No</td>
</tr>
</tbody>
</table>

![F12: Configuration Screen](image)

- Press Enter
The **ESI Computation** report is displayed as shown:

![Figure 10.78 ESI Computation report](image)

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

![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. ESI Form 3**

As per Regulation 14, a declaration form in Form 3 is required to be filed for every Half Yearly stating the list of Employees whose remuneration is not exceeding Rs. 10,000/- per month. To generate ESI Form 3, follow the steps given below:

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Employee State Insurance > Form 3**

In the **Payroll Statutory Print Configuration** screen,

- Specify **1-08-2009** and **31-08-2009** in the **From** and **To** fields respectively
- Select **All Items** in the **Employee Category** field
- Select **All Items** in the **Employee/Group** field
- Select **Account Number** as the **Sorting Method**
- Select **All Items** in the field **Gender**
- Type **Bangalore** in the **Place** field
- Specify **31-08-2009** in the **Date of Printing** field
- Type the **Designation** details of the person submitting the declaration form.

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

![Payroll Statutory Print Configuration](image)

Figure 10.80  Payroll Statutory Print Configuration for ESI Form 3

- **Press Enter** to Print.
The printed **Form 3** (Return of Declaration) is displayed as shown:

![Form 3](image)

**Figure 10.81** Printed Form 3
iii. ESI Monthly Statement

The ESI Monthly Statement provides a summary of Employee wise monthly ESI Employee Deductions and Employer Contribution amount. To print ESI Monthly Statement, follow the steps given below:

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Employee State Insurance > Monthly Statement

In the Payroll Statutory Print Configuration screen,

- Specify 01-08-2009 and 31-08-2009 in the From and To fields respectively
- Select All Items in the Employee Category field
- Select All Items in the Employee/Group field
- Select Account Number as the Sorting Method

The completed Payroll Configuration Print screen is displayed as shown:

![Payroll Statutory Print Configuration screen](Figure 10.82)

- Press Enter to Print.
The printed **ESI Monthly Statement** for August 2009 is displayed as shown:

![ESI Monthly Statement](image)

**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 All Items in the Employee Category field
- Select All Items in the Employee/Group field
- Select Account Number as the Sorting Method
- Specify Bangalore in the Place Field
- Specify 30-09-2009 in the Date of Printing field
- Type the name of the Signatory in the Authorised Signatory Name field
- Type the Designation details of the signing authority
- In the Residential Address field provide the Home Address of Authorised Signatory

The completed Payroll Statutory Print Configuration screen for ESI Monthly Statement is displayed as shown:

![Payroll Statutory Print Configuration screen](image-url)

Figure 10.84  Payroll Statutory Print Configuration screen
Press Enter to Print

The printed Form 5 is displayed as shown:

![Image of Form 5]

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Month</th>
<th>Date of Challan</th>
<th>Amount</th>
<th>Name of the Bank and Branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>June</td>
<td>30-Jun-2009</td>
<td>821.00</td>
<td>HDFC &amp; 1002452</td>
</tr>
<tr>
<td>2</td>
<td>July</td>
<td>31-Jul-2009</td>
<td>777.00</td>
<td>HDFC &amp; 132431</td>
</tr>
<tr>
<td>3</td>
<td>August</td>
<td>31-Aug-2009</td>
<td>957.00</td>
<td>HDFC &amp; 100246</td>
</tr>
</tbody>
</table>

Total amount paid: 2,550.00

I declare that
a) All the Records and Registers have been maintained as per provisions contained in ESI Act, Rules & Regulations framed therein.
b) During the period of return __________ No. of Declaration forms have been submitted.
c) During the above period __________ No. of TICs have been received.
d) During the above period __________ No. of PICs have been received.
e) During the above period __________ No. of PICs have been distributed amongst the eligible IPs.
f) During the above period __________ accidents have been reported to the concerned Branch Office.
g) During the period 2 No. of employees directly employed by us have been covered and a total wages of Rs. 39,199.00 have been paid to such employees.
h) During the period __________ No. of employees directly employed by us have not been covered and a total wages of Rs. __________ have been paid to such employees.

Figure 10.85 Printed Form 5 - Page 1
The Page 2 of **Form 5** (includes the CA Form also) is displayed as shown:

![Figure 10.86 Printed Form 5 - Page 2](image-url)

---

**Important Instructions:**
- Information to be given in Remarks Column (No.9)
- If any I.P. is appointed for the first time and/or leaves during the contribution period indicate ‘A’ ______[date] and/or ‘L’ ______[date]
- Please indicate Insurance Nos. in ascending order
- Figures in Column 4.5 & 6 of the Return
- Invariably strike totals of column 4, 5 & 6 of the Return
- No overwriting shall be made. Any corrections, if made, should be signed by the Employer
- Every page of this Return should bear full signature and rubber 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 TCP ending 31st March, due date is 12th May
For CP ending 30th September, due date is 11th November
The Page 3 of **Form 5** is displayed as shown:

![Form 5 - Page 3](image)

**Table:**

<table>
<thead>
<tr>
<th>SI No.</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 working and drawing wages within the insurable wages ceiling</th>
<th>Name of the Dispensary of the I.P.</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>57</td>
<td>20,437.00</td>
<td>356.00</td>
<td>305.03</td>
<td>No</td>
<td>Koramangala</td>
<td>A: 10-Jan-2003 L: 10-Sep-2003</td>
</tr>
<tr>
<td>2</td>
<td>70</td>
<td>18,762.00</td>
<td>329.00</td>
<td>268.03</td>
<td>Yes</td>
<td>Koramangala</td>
<td>A: 1-Jun-2003</td>
</tr>
</tbody>
</table>

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

**Signature of the Employer**

**(FOR OFFICIAL USE)**

1. Entitlement position marked.
2. Total of col. 5 of return checked and found correct; correct amount is indicated
3. Checked the amount of Employer/Employee contribution paid which is in order; observation memo enclosed

**Counter Signature**

**UDC** Head Clerk Branch Officer

Figure 10.87 ESI Form 5 - Page 3
v. ESI Form 6

As per Regulation 32, a register of Employees covered under Employees State Insurance Scheme, containing information regarding the Insurance No., dispensary, other occupational details, Employer’s Share and month wise (under that particular Half Year) ESI details (i.e., Gross wages, Number of working days and ESI Contribution for each employee) should be furnished. To generate Form 6, follow the steps given below:

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Employee State Insurance > Form 6

In the Payroll Statutory Print Configuration screen

- Type 01-04-2009 in the From field
- Type 30-09-2009 in the To field
- Select All Items in the Employee Category field
- Select All Items in the Employee/Group field
- Select Account Number as the Sorting Method

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

![Payroll Statutory Print Configuration for ESI Form 6](Figure 10.88)

- Press Enter to Print.
## FORM 6
REGISTER OF EMPLOYEES
EMPLOYEES' STATE INSURANCE CORPORATION
(Regulation 32)

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Insurance No.</th>
<th>Name of the insured person</th>
<th>* Name of dispensary to which attached</th>
<th>Occupation</th>
<th>Rate of wages etc., in the first wage period</th>
<th>Deptt. and shift, if any</th>
<th>If appointed or left service during the contribution period, date of appointment</th>
<th>No. of days for which wages paid</th>
<th>Month</th>
<th>Total amount of wages paid/payable</th>
<th>Employees' share of contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>KA/ESI/234/3355</td>
<td>Rajesh</td>
<td></td>
<td>Junior Executive</td>
<td>307.29</td>
<td>Sales</td>
<td>10-Sep-2009</td>
<td>0</td>
<td>April</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>KA/ESI/945/2224</td>
<td>Suresh</td>
<td></td>
<td>Executive</td>
<td>205.77</td>
<td>Administration</td>
<td>1-Jun-2009</td>
<td>0</td>
<td></td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

**Total**

**Employer's Share**

**Grand Total**

**Paid On**

---

*Note: The Figure in Columns 7 to 24 shall be in respect of wage periods ending in a particular calendar month.*
The Page 2 of Form 6 is displayed as shown:

<table>
<thead>
<tr>
<th>No.</th>
<th>Month</th>
<th>Total amount of wages paid</th>
<th>No. of days for which wages payable</th>
<th>Employees' share of contribution</th>
<th>Total amount of wages payable</th>
<th>Employees' share of contribution</th>
<th>Total amount of wages paid payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: The figures in Columns 7 to 24 shall be in respect of wage periods ending in a particular calendar month.

Figure 10.90 Printed Form 6 - Page 2
### Spectrum Software Solutions
14, Mysore 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>Month: August</th>
<th>Month: September</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of days for which wages paid/payable</td>
<td>Total amount of wages paid /payable</td>
<td>Employees’ share of contribution</td>
</tr>
<tr>
<td>1</td>
<td>20</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>28</td>
<td>6,800.00</td>
<td>121.00</td>
</tr>
<tr>
<td>2</td>
<td>28</td>
<td>6,800.00</td>
<td>121.00</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>13,600.00</td>
<td>252.00</td>
</tr>
</tbody>
</table>

#### Employer’s Share

|     | 696.00        |       | 687.00  |       | 573.06  |       |         |         |         |         |         |

|     | 957.00        |       | 957.00  |       | 957.00  |       |         |         |         |         |         |

**Paid On**: 31-Aug-2009

**Note**: The Figure in Columns 7 to 24 shall be in respect of wage periods ending in a particular calendar month.
10.3.3 Professional Tax Reports

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

In India, the professional tax slabs vary from state to state and some of the states have formulated different professional tax slabs for men, women and the senior citizens of the respective states. The rates depend upon the profession, years in the profession and the amount of income or turnover and so on.

In Tally.ERP 9, the Professional Tax Report is generated based on the Slab Rates defined in the Professional Tax Ledger and it captures the amount of Professional Tax deducted under each slab rate.

i. Professional Tax Computation Report

The Professional Tax Computation Report provides the summary of Amount deducted as Professional Tax from the Earnings of the Employees exceeding the prescribed threshold limits, in accordance with the Slab rates applicable for the particular state.

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Professional Tax > Computation Report

- From the List of Ledgers drop down, select Professional Tax and press Enter, the Payroll Statutory Print Configuration screen appears
- In the Payroll Statutory Print Configuration screen,
  - Specify 01-08-2009 and 31-08-2009 in the From and To fields respectively
  - Select All Items in the Employee Category field
  - Select All Items in the Employee/Group field
  - Type Bangalore in the Place field
  - Specify 31-08-2009 in the Date of Printing field
The completed **Payroll Statutory Print Configuration** screen is displayed as shown:

![Payroll Statutory Print Configuration screen](image)

- Press **Enter** to Print.
The printed **Professional Tax Computation** report for the month of August 2009 will appear as shown:

![Figure 10.93 Printed PT Computation Report](image)

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**PAYROLL REPORTS**

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ii. Professional Tax Statement

The Professional Tax Statement provides the summary of Employee wise Gross Wages paid, No. of Working Days and the amount of Professional Tax deducted during the selected period. To generate the Professional Tax Statement for a month,

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Professional Tax > Statement

- From the List of Ledgers drop down, select Professional Tax and press Enter, the Payroll Statutory Print Configuration screen appears
- In the Payroll Statutory Print Configuration screen,
  - Specify 01-08-2009 and 31-08-2009 in the From and To fields respectively
  - Select All Items in the Employee Category field
  - Select All Items in the Employee/Group field
  - Select Employee Name as the Sorting Method

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

![Payroll Statutory Print Configuration screen](Figure 10.94)

- Press Enter to Print.
The printed **Professional Tax Statement** for August 2009 is displayed as shown:

![Professional Tax Statement](image)

**Figure 10.95 Printed Professional Tax Statement**
10.3.4 Gratuity Report

The Gratuity Report displays the provisional liability of an employer towards his employee in respect of gratuity payable at the time of cessation of employment either by resignation, death, retirement or termination.

The Gratuity Summary Report displays the gratuity amount payable in accordance with the pay components and formulae defined in the ledger master, as discussed earlier. In Tally.ERP 9, the Gratuity amount is calculated proportionately for eligible days in a year to the extent of completed months of service.

You can view the Gratuity Report either from Statutory Reports menu or Payroll Reports menu i.e., Gateway of Tally > Display > Payroll Reports > Statutory Reports or Gateway of Tally > Display > Statutory Reports > Payroll Reports.

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Gratuity Report
The **Gratuity Report** for the Employees eligible for Gratuity is displayed as shown:

![Gratuity Summary Report](image)

The above report displays the Gratuity Amount computed for each month for each Employee.

*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.)*
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

![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 is displayed as shown:

![Gratuity Details Report](image)

**Figure 10.98  Gratuity Details Report**

*Once the employee is deactivated (i.e., when the date of leaving is filled in the Employee master), Tally.ERP 9 stops computing Gratuity for the deactivated employee. If the tenure of service of such an employee falls below the eligible slab for gratuity calculation, he/she will not be entitled for any gratuity amount. However, in cases where the tenure of service is spread over more than one eligible slab(s), he/she will be entitled to the sum total of all the slabs.*

The above report displays the detailed Gratuity computation for all the slabs entered during the Gratuity Pay Head Creation.