

Course Code – COM (H) 226

Lecture 36



Pay Heads

Creation of pay Heads

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

Gratuity Pay Head

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.

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 enter the details.
4. Press Enter to Accept the screen

Salary Details Setup

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

1. Select **Vijay Kumar** from the **List of Employees** and press **Enter**
In the Salary Details screen,
2. The **Effective date** is entered as **01-04-2009** by default based on the **Date of Joining** entered in the Employee Master
3. Select **Basic Pay** as the **Pay Head** from the **List of Pay Heads**, Specify **10,000** as **Rate**
4. The **Attendance units**, **Pay Head Type** and **Calculation Type** appear by default, based on the pay head definitions.
5. The **Salary Details Creation** screen, enter the details.

Thank You