TOPIC:- Payroll Accounting (Part-2).
Semester:- VI
B.Com (H).
Subjects:- Computerised Accounting & E-filling of tax.
Section:- 6D & 6E
Teacher:- Prof. Sunita Saha (SS).

Pay Heads

The Salary component Constituting Pay Structures are called Pay Heads. A Pay heads may be an earning, which is Paid to an employee, or a deduction, which is recovered from his/her salary. The value of these pay heads could be either fixed or variable for each Payroll period. Tally provides a number of Pay heads Pre defined for user,

Pay head Creation means inclution of Basic Salary, Dearness Allowance, House Rent Allowance, employers & employees Contribution to Providend fund, National Pension Scheme, Employees Pension Scheme.

BASIC SALARY.

GOT (gateway of tally) → Payroll info → Pay head → Name → Basic Salary → Pay head type → Earnings for employees → Income type → fixed → Under → Indirect Expenses → Affect net Salary → yes → Name to be displayed in Pay slip → Basic Salary → Use for Calculation of gratuity → yes → Set | Alter Income tax details (*) → yes → Calculation type → flat rate (as salary is flat rate) → Calculation Period → Months → Rounding method → Not Applicable → Use for Calculation of gratuity → yes → Set / Alter Income tax details → yes → Income tax details → other Earnings / Allowances (fully taxable) → On Projected Value → yes → Enter → Ctr A (Eg 8000 × 12 = 96,000).

(*) NB:- F11 (Payroll info) → Enter → Statutory taxation (F3) → Payroll Statutory (yes) & Set / alter Statutory details (yes) → Put details in Payroll Statutory details → Providend number → Eg (1234) → Employee State Insurance (Eg 5678) → Standard Working days → 26 days → NPS → Corporate Registration Number — 90123 → Income tax → (TAN) Eg:- ABCD 23456 → Deduction type other → Ctr A → ESC

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Name
Class Room No. Roll No.
Professor's Name Subject Date
Prof's Signature On 17/9/15

(2).

Dearness Allowance (DA).

Name → Dearness Allowances → Pay head type → Earnings for Employees → Income type → Variable (Consumer Price Index – DA depends on it) → so changes → under → Indirect Expenses → Affect on net salary → yes → Name to be displayed in the Pay slip → Dearness allowances → Use for calculation of gratuity → yes → Set/Alter Income tax details → yes → Dearness allowances (Considered for retirement benefits) → Calculation type → as computed On Projected value → yes → Calculation type → at computed value (to put formula) → Rounding method → Not applicable → Enter → Compute → on specified formula → Enter → Add Pay head → Basic Salary (See Right Side) → End of list → Enter → Effective from 1/4/2019 → Enter – Enter → Slab type → Percentage → Value – 50% → Enter → Enter → Ctrl. A.

Employees' Provident fund @12%

Employee's Statutory → Payroll info → Pay head type → Employee's Statutory deduction (as Employees contribute to get a Statutory deduction) → G07 → Statutory Pay type → P.F A/C (No. 1) → Under → Current liabilities → (as organisation has to keep the money of the employee as security) → Affect on net Salary → yes → Name as displayed – (Same – Employee's PF@12%) → Calculation type → As computed Value → Calculation Period → months → Rounding of → Not applicable → Compute → on specified formula → Enter → Add Pay head → Basic Salary → End of list → Specified formula → Basic Salary (as from Basic Salary P.F. is deducted). — Effective from → 1/4/2019 → Slab type → Percentage → 12% → Enter.

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House Rent Allowances (HRA)

Pay head → HRA → Earnings for Employee → Variable → Indirect Expenses → Affect net Salary → yes → Name to be displayed in Pay Slip → HRA → Calculation for gratuity → NO → Set / Alter Income tax details → yes → Enter → Income tax Component → HRA → on Projected value → Enter → Enter → Calculation type → As Computed Value → Enter → Compute → On Specified formula → Enter → Add Pay head → Basic Salary → Dearness Allowance → Enter → End of List → Enter → Specified formula → Basic Salary and DA → Effective from → 1/4/2019 → Slabtype → Percentage → Value → 30% → Ctrl A.

Employee's Pension Scheme

@ 8.33% (as out of 12% → 3.67% is contributed to PF a/c and 8.33% Contributed to EPS).

Employees EPS @ 8.33% → Pay head type → Employees' Statutory deductions → Statutory Pay type → NPS → Tier I → under Current Liabilities → Affect on net Salary → No → As computed Value → On Specified formula → Basic + Add Pay head → DA → Add Pay head HRA → Percentage → 8.33% → Enter — Control A.

SALARY GENERATION (Salary details)

Define → Mr. A (created under Employee under Payroll info) → department → Sales → Employee name → List of Employees → Select → Mr. A → Sales → Name :- Mr A (001:- Employee Code) → Under — Sales - department → Effective from 1/10/2019 → Enter → Basic Salary → Enter → Rate → 10,000 → Pay head type → and Calculation type → Computed on → all given → DA → Select → PF @ 12% → Enter → (automatically come) Ctrl - A.

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(7) NB:-

GOT (Gateway of tally) → Payroll info → Employees → List of Employees → date of joining → 1/10/2019 (Eg) → Similarly → PF date will change → 1/10/2019 → Enter → Put PAN NO of Employee → ABCPE1234G → PF NO - 12001 → EPS NO - 12001 → Ctrl A → Enter.

Practice it Carefully

SS 25/3/2020.

In next notes we will be discussing Payment vouchers.

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