

# Webinar on Payroll & Taxation Related Updates

**Akash Mahagaonkar, CFP, CPA**

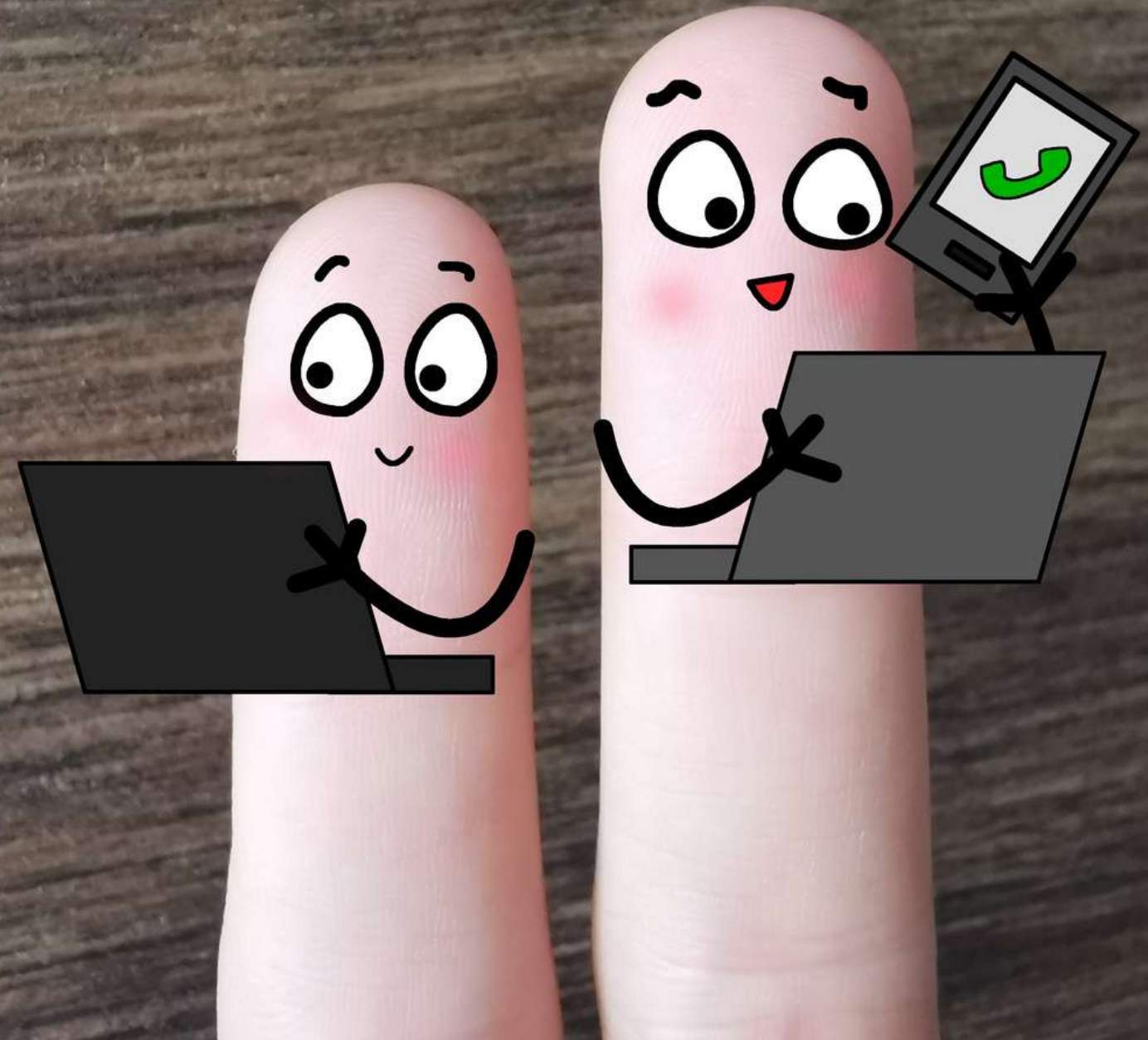
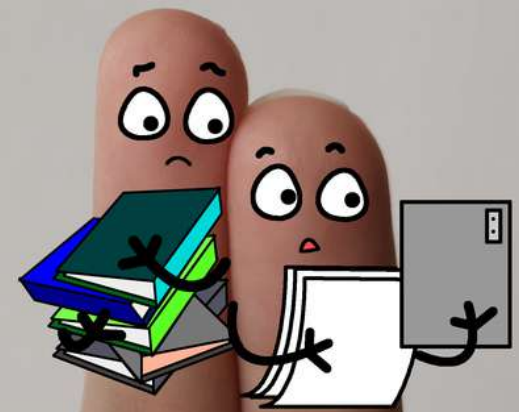
Co-Founder & Director

**Relativity**  
The Compliance Experts





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The Compliance Experts



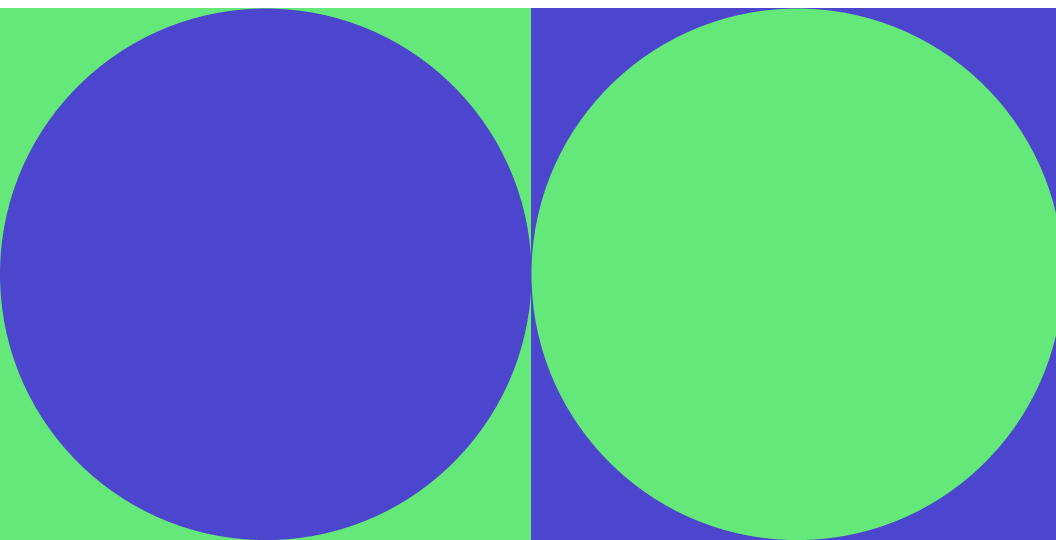
# Q #1

**How is a gratuity to be calculated in Code on Social Security, 2020?**

**a)  $(\text{Last drawn Wages}/30) * 15$**

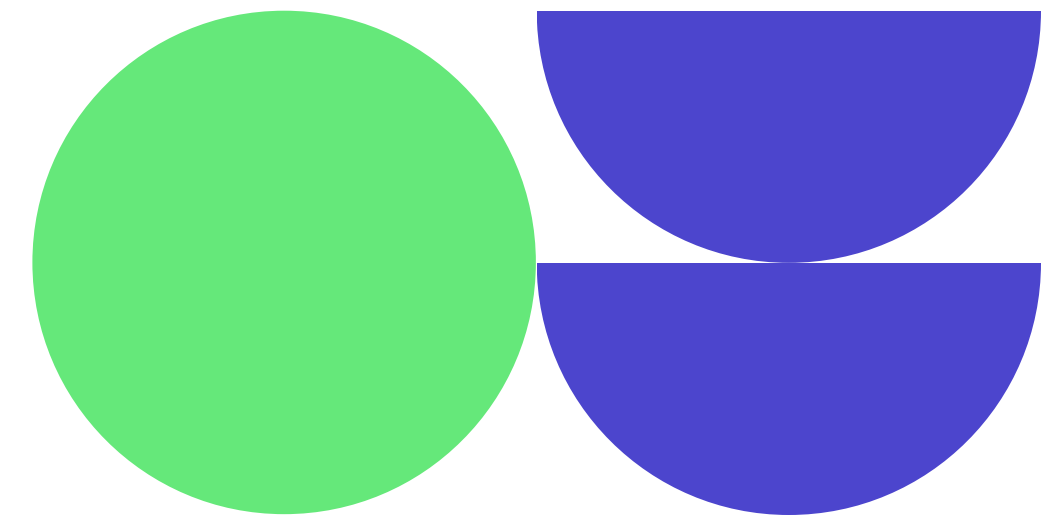
**OR**

**b)  $(\text{Last drawn Wages}/26) * 15$**



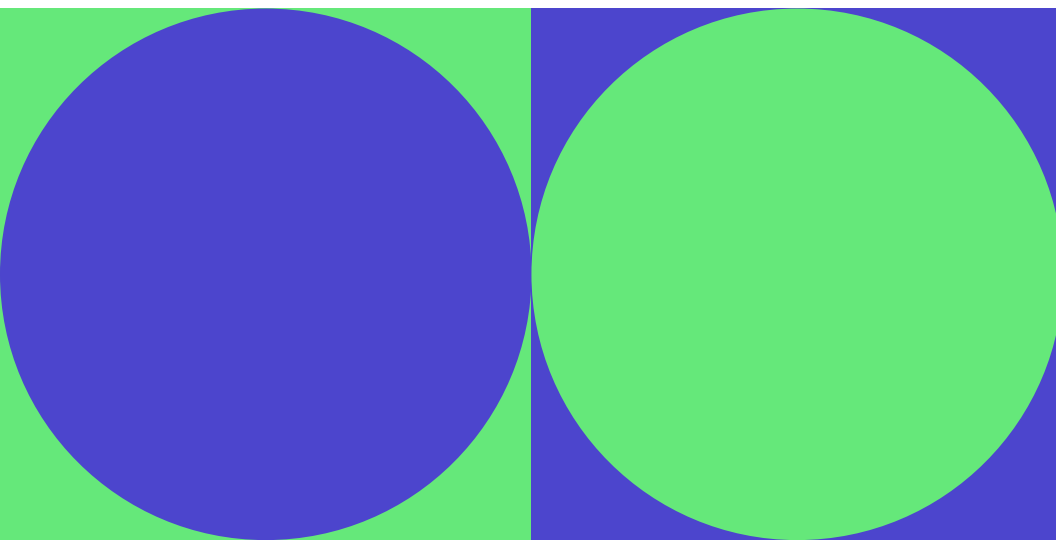
# Answer

*Explanation 3.— For the purposes of this section, it is clarified that in the case of a monthly rated employee, the fifteen days' wages shall be calculated by dividing the monthly rate of wages last drawn by him by **twenty-six** and multiplying the quotient by fifteen*



## Q #2

**In which of these cases Gratuity is payable as per Code on Social Security, 2020?**



# Options

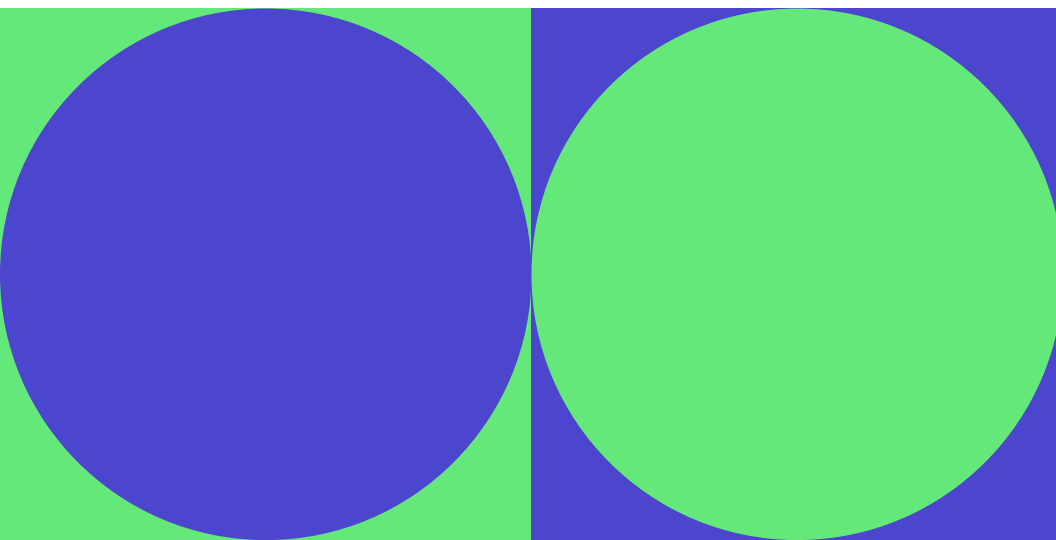
- a) An Individual is offered permanent employment but is separated in 4 years**
- b) An Individual is offered employment only for a period of 3 years**
- c) The Individual has an accident and dies on a public holiday**
- d) The Individual has an accident and dies in employer's premises**

# Answers

- 1. An Individual is offered permanent employment but is separated in 4 years**
- 2. An Individual is offered employment only for a period of 3 years**
- 3. The Individual has an accident and dies on a public holiday**
- 4. The Individual has an accident and dies in employer's premises**

## Q #3

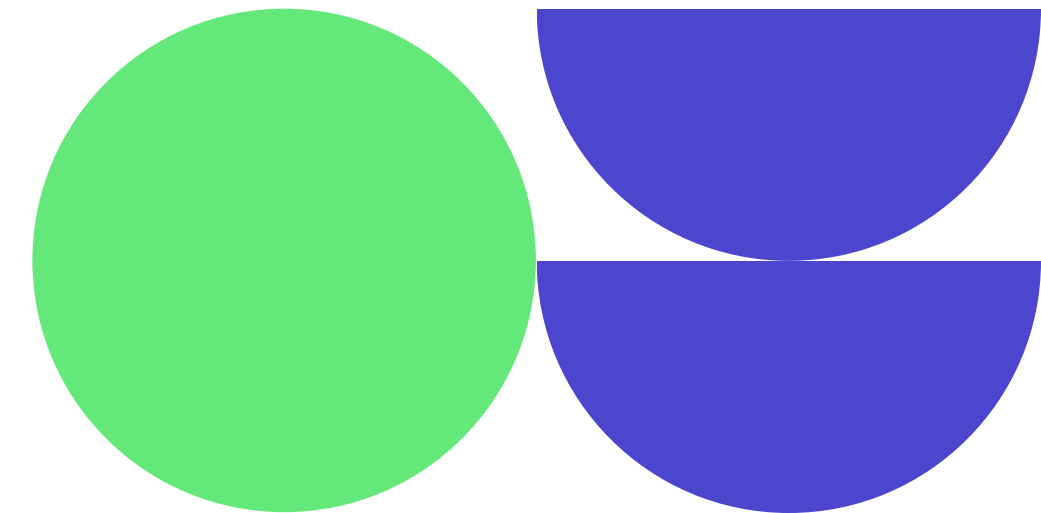
**Who will be covered under ESI once the Code on Social Security 2020 comes into force?**



# Options

**a) No Change, it will continue as it is. Employees earning < 21000 Gross Salary will be covered under ESI**

**b) It will change. Employees earning < 21000 "WAGES" will be brought under ESI coverage**

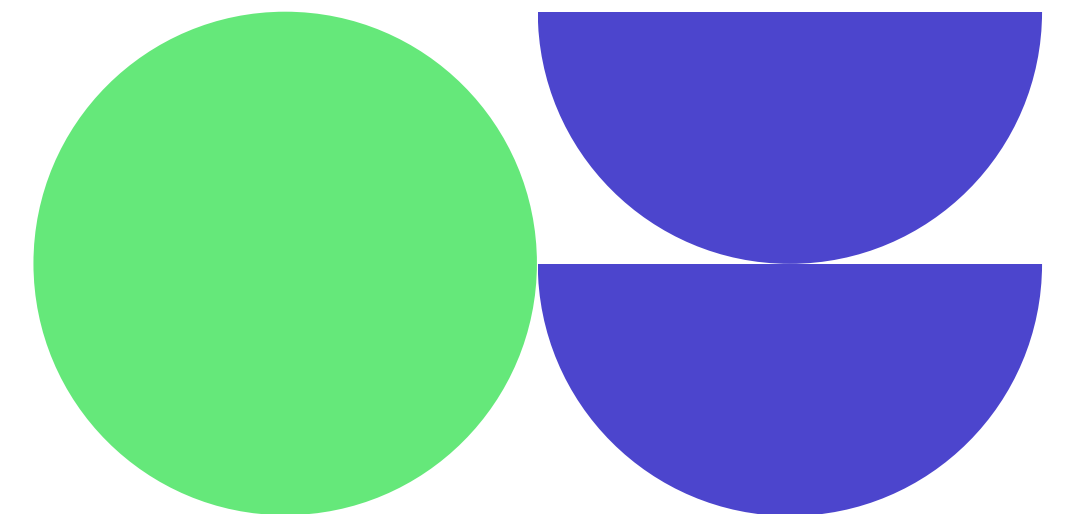


# Answers

**a) No Change, it will continue as it is. Employees earning < 21000 Gross Salary will be covered under ESI**

**b) It will change. Employees earning < 21000 "WAGES" will be brought under ESI coverage**

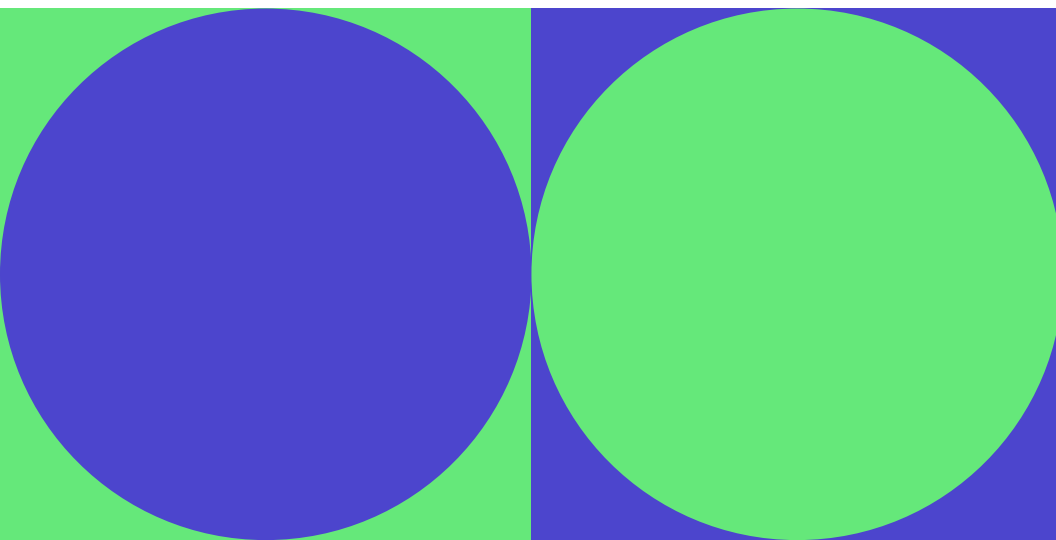
***Subject to Wage Ceiling being notified & there is a sunset period of 1 year as well.***



## Q #4

**Employees can claim Medical Expenses incurred for parents under Section 80D(2) - Health Insurance for Parents**

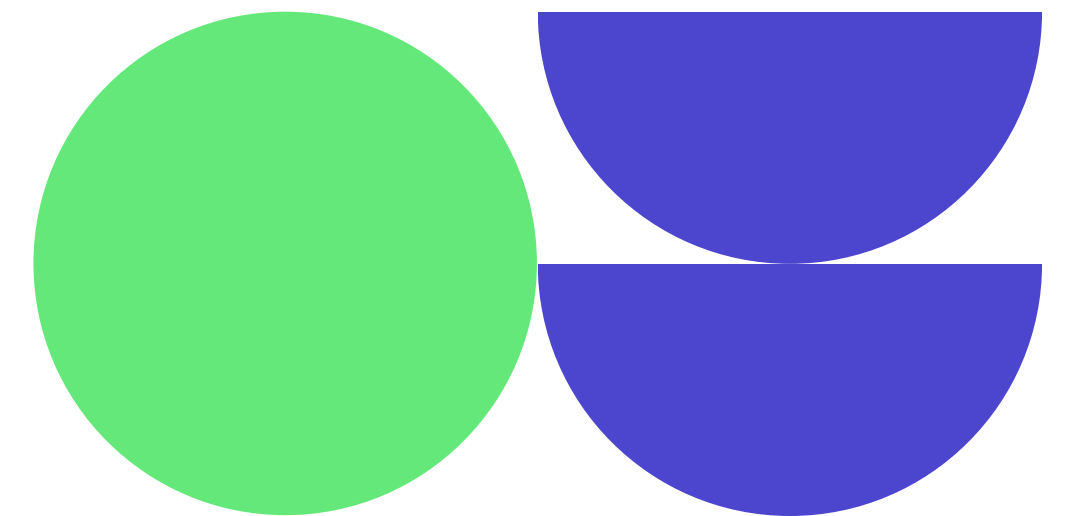
**True  
or  
False**



# Answers

**True. Medical expenses can be claimed upto the applicable limit of 25K / 50K**

**Such expenses should not be paid via cash.**



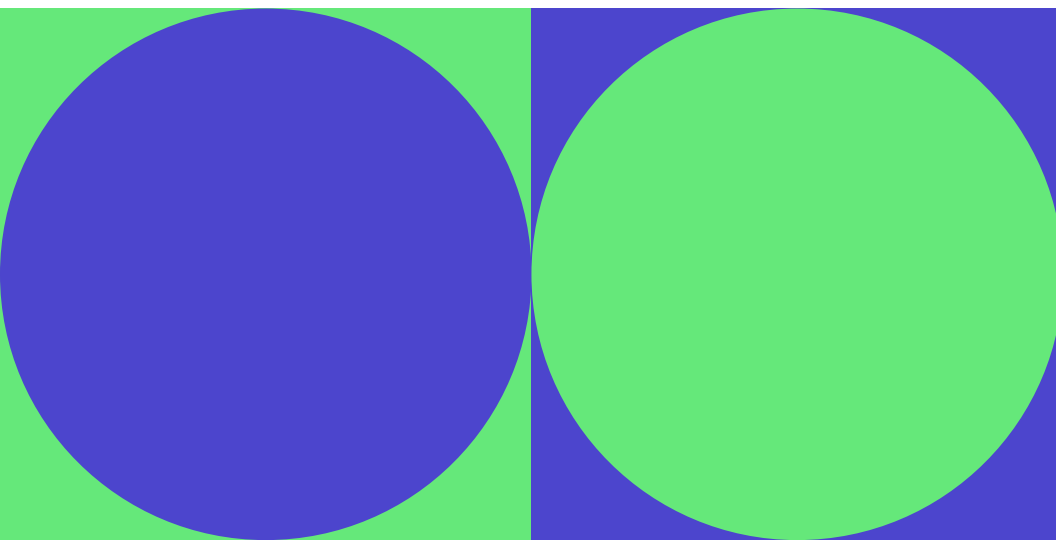
## Q #5

**If Employer's contribution to PF + NPS + SAF exceeds \_\_\_\_\_, it is chargeable to Perquisite taxation rules?**

**A) Rs.2,50,000**

**B) Rs.7,50,000**

**C) Rs.5,00,000**

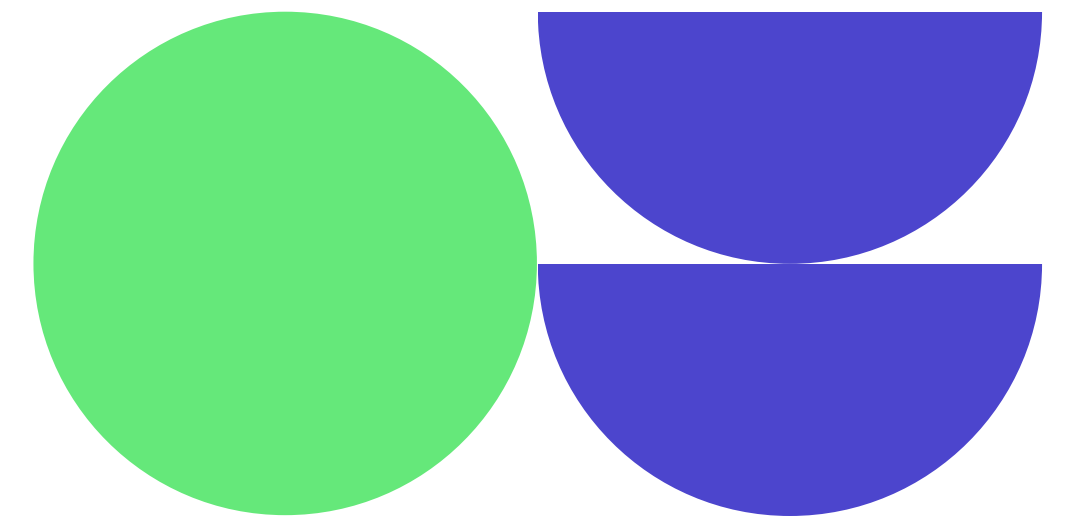


# Answers

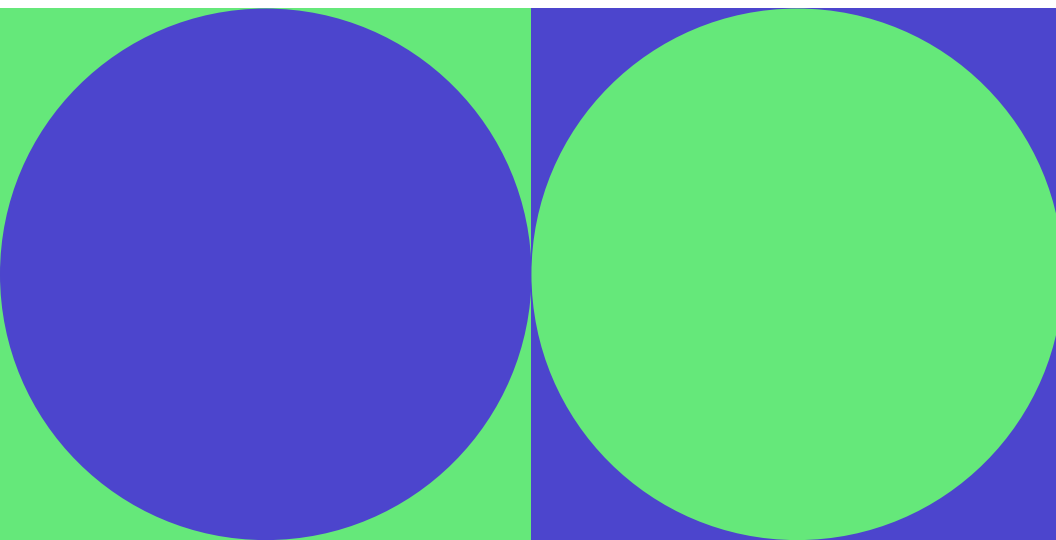
**A) Rs.2,50,000**

**B) Rs.7,50,000**

**C) Rs.5,00,000**

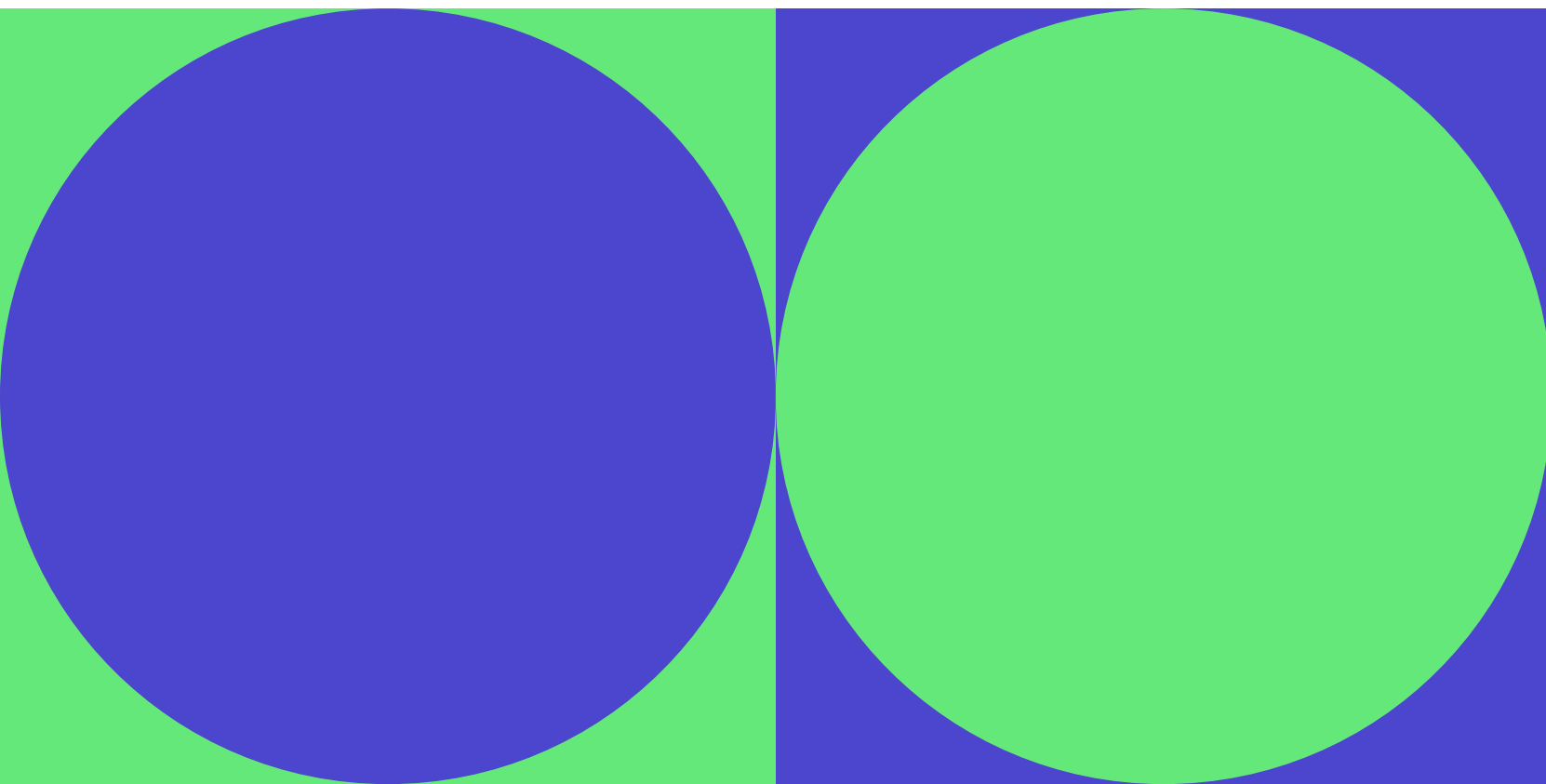


# Who are the high scorers?



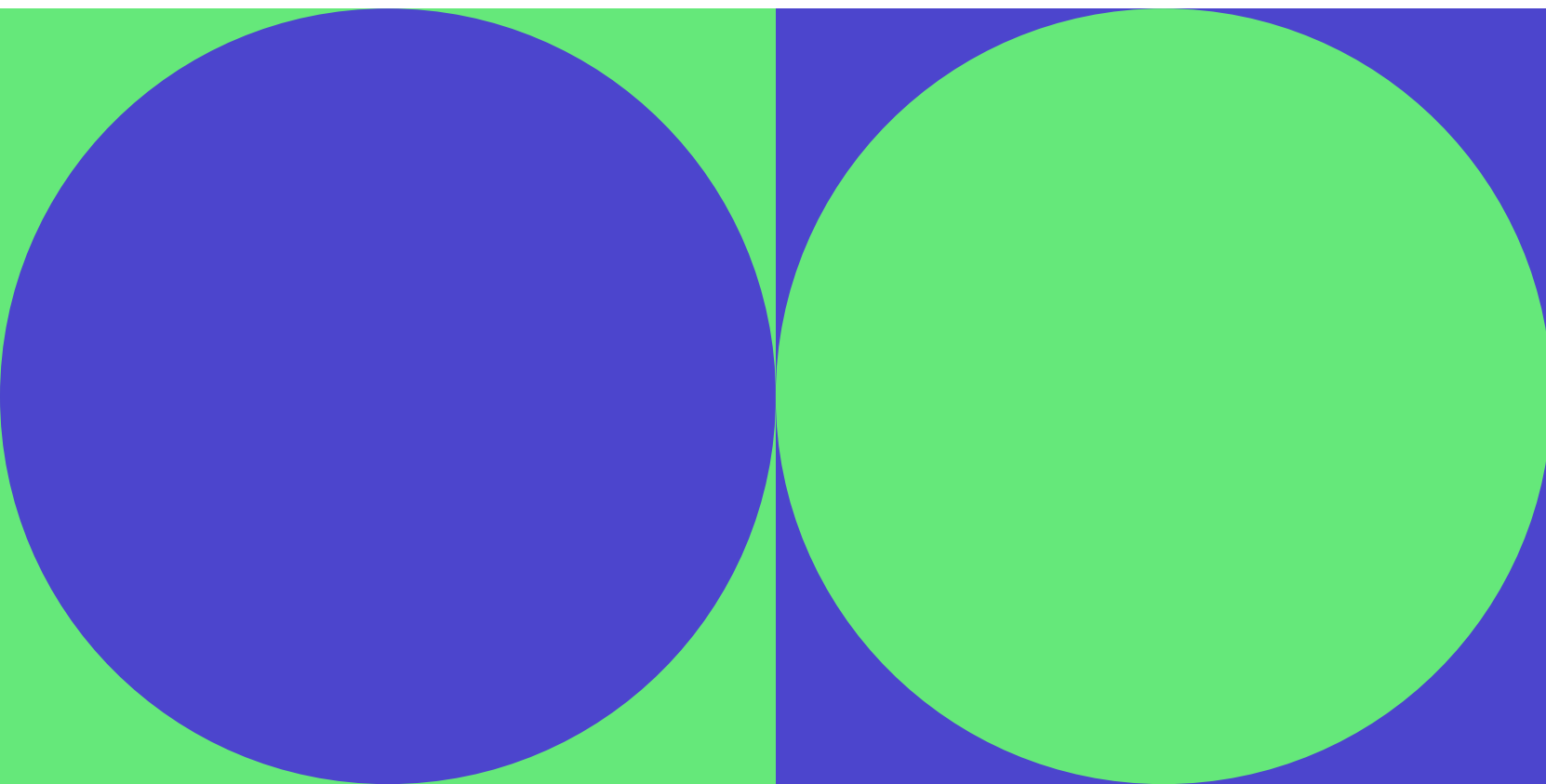
# Update # 1

- EPFO introduced new passbook methodology to align with CBDT's requirement of taxing the Interest earned on contributions exceeding 2.5L
- We all will have 2 passbooks. 1 for non taxable contributions & the other for taxable contributions



# Update # 2

- National Employability Enhancement Mission [NEEM]  
Trainees are not exempted from being classified as Employees u/s 2(F)
- Opens a massive pandoras box for certain industries
- Power to evaluate vested in the RPFC's hands



## Sub: Clarification on NEEM Trainees-Reg

Sir/Madam,

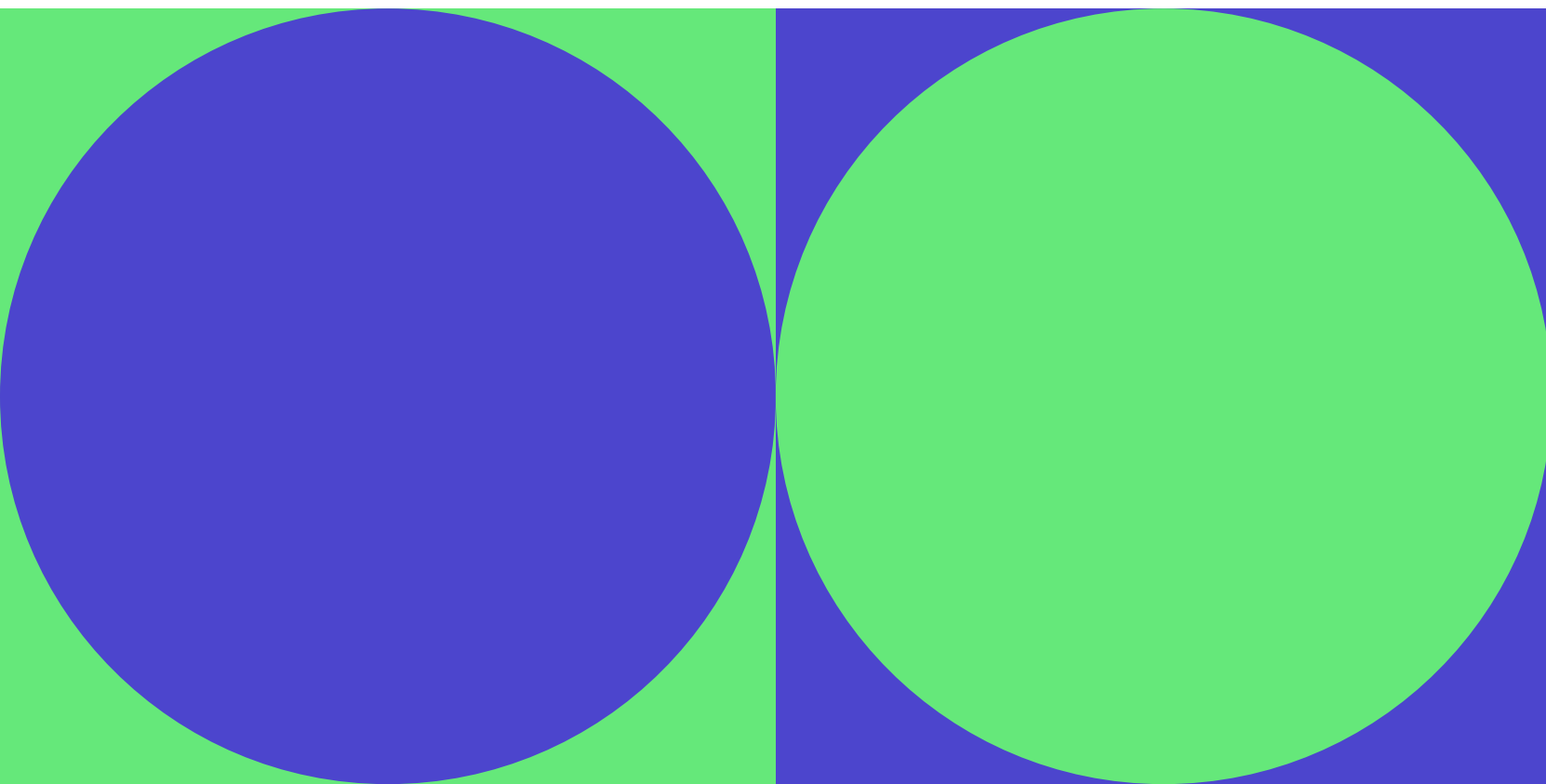
Several representations have been received in Head Office for seeking clarification whether NEEM Trainees are exempted from the EPF & MP Act, 1952 in the light of Regulation 15.2 of the AICTE (NEEM) Regulation, 2017. The matter was examined in detail and it is clarified that:

- a. The NEEM trainees are not exempted from the definition of “employee” under section 2(f) of the EPF & MP Act, 1952 and the Regulation 15.2 of the NEEM Regulation, 2017 is *ultra vires* to the provisions of the Act.
- b. However certain criteria have been laid down in HO circular dated 12.10.2015 (copy enclosed) to distinguish a student-trainee from an employee engaged by an establishment covered under the Act. EPF Scheme, 1952 after ascertaining the facts and circumstances of each case on merit.
- c. Further a mechanism under para 26B of the EPF Scheme has already been provided whereby a Regional PF Commissioner has been vested with power to decide a question whether an employee is entitled to, or required to become a member of the scheme. after ascertaining the facts and circumstances of each case on merit.
- d. Cases of subterfuge shall be distinguished from genuine arrangements for training

2. Hence, any question whether a person is a trainee or employee may be decided as per law and considering the circular dated 12.10.2015.

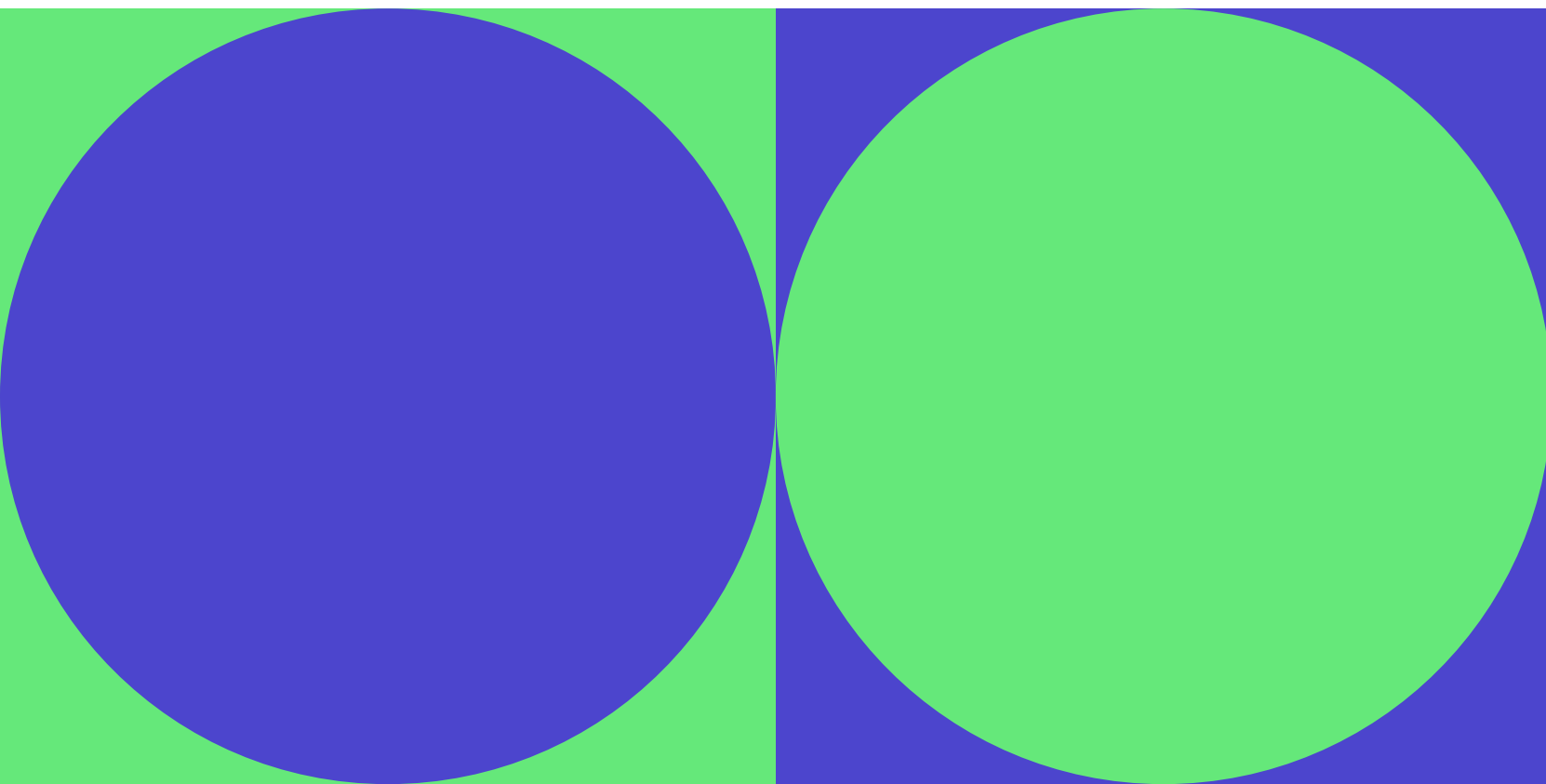
# Update # 3

- Down to the last month, hence Year End Activities are very important
- Regular -> Tax Proofs, Previous Employment Income, etc
- Attention Required -> Tax Mapping of all Pay heads are correct?
- Full Year Earning Reconciliation = Income on ITCS / TCR - For all Headcount



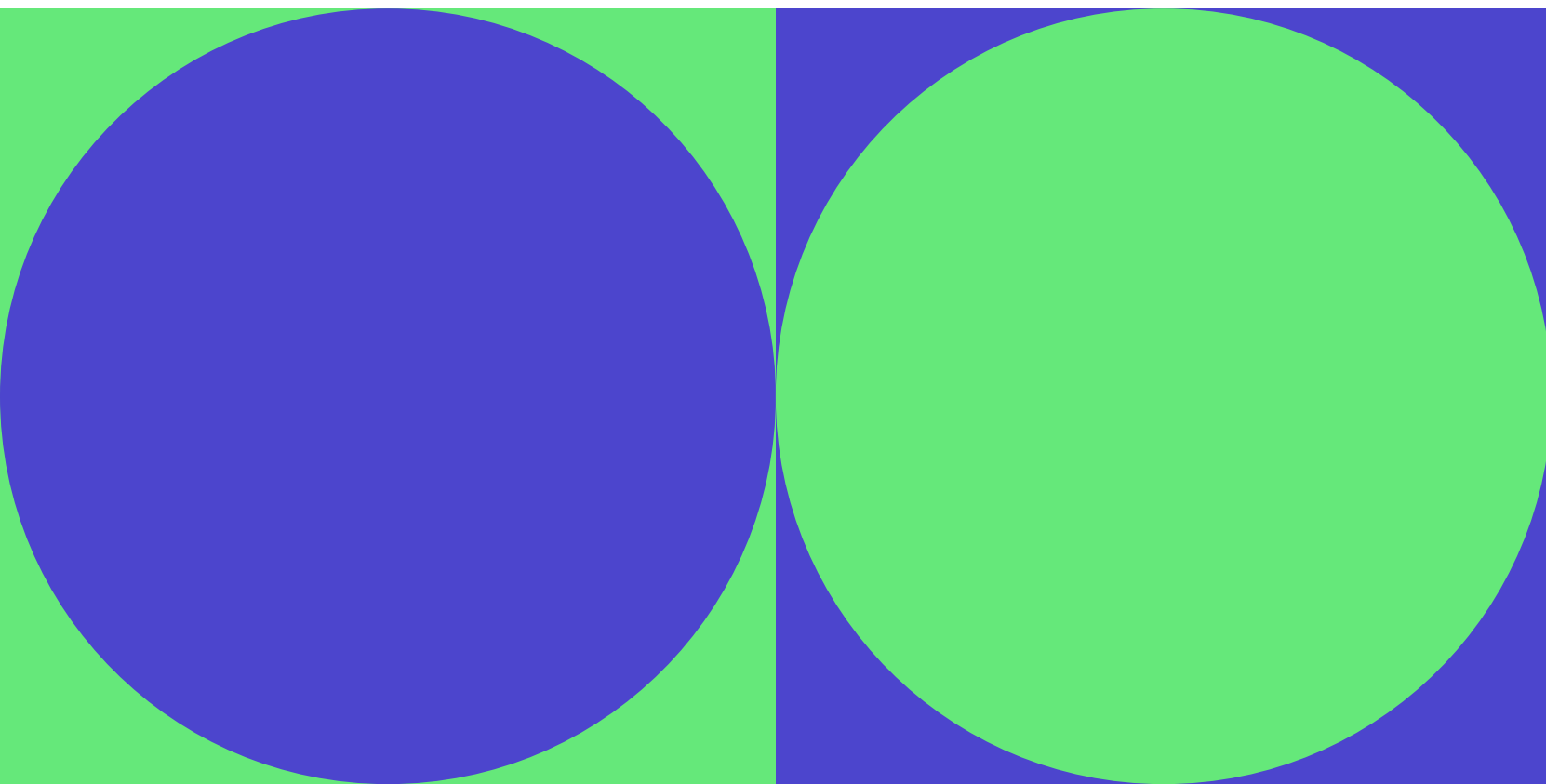
# Update # 4

- Form-16 - Part A & B generated from TRACES
- Part A has data from all 4 Quarter Annexure I
- Part B has data from Q4, Annexure 2
- Employee not in Annexure 2, No Part B
- Q1 to Q4 Annexure 1 TDS Data has to match Tax deducted in Annexure 2



# Update # 4

- Tax Payment by 30th April
- Q4 Returns filing by 31st May
- Form-16 issuance by 15th June



# Some Facts

**13**

Years & young

**153**

Clients & counting

**12L**

transactions / Q

**99.49**

Accuracy rates

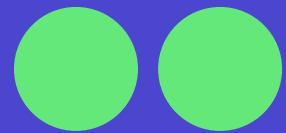
**16**

Cities

**4.76L**

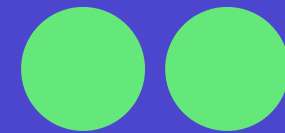
Form 16's issued

# What we do



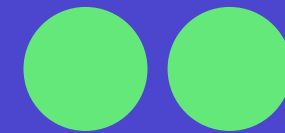
## Payroll

Payroll Outsourcing  
Payroll Lodgement  
In Premise Payroll  
Payroll Audits



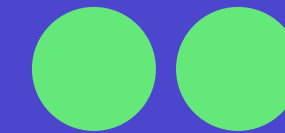
## Taxation

TDS Audits  
TDS Compliance  
End to End  
Management



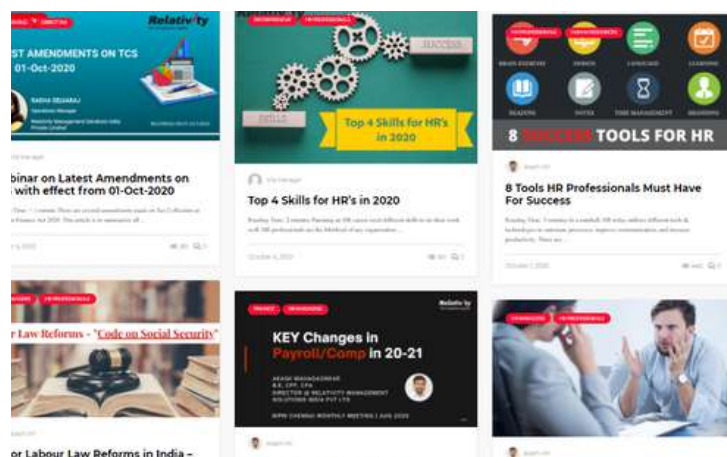
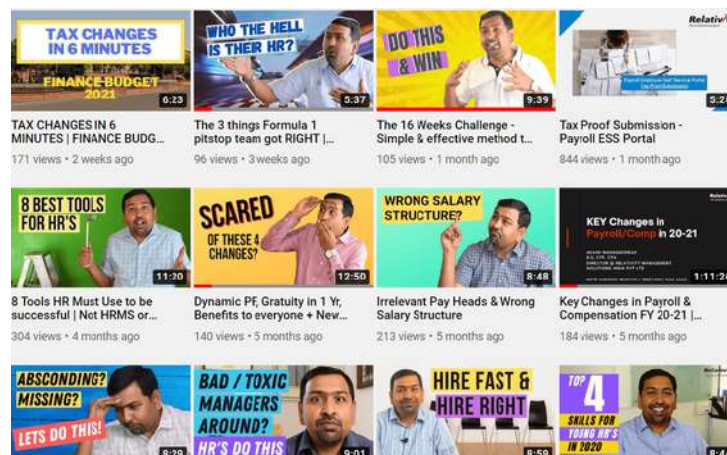
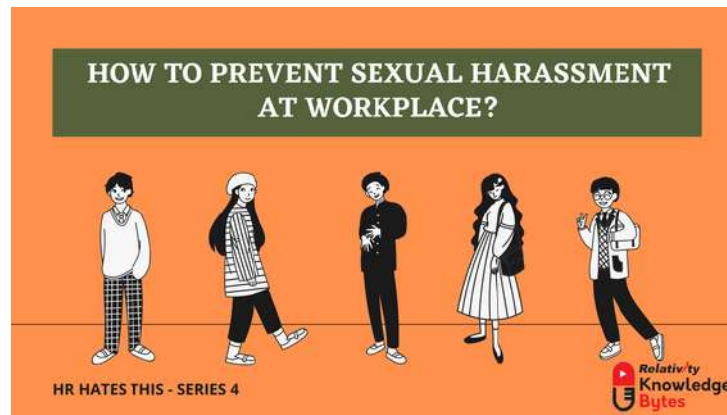
## Compliance

PF/ESI/PT  
Labour Laws  
Shops & Est. Act  
Compliance Audits



## Accounting

GST Compliance  
CA & ROC Services  
Statutory Audits  
Book Keeping



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Let's make  
the right  
one!