

## How to create Gratuity component?

Gratuity component has to be created for 2 cases in Paybooks app. one is to capture the gratuity amount in salary master as Part of CTC and another is to pay out the gratuity amount during resigned employees settlement process.

This manual shows the configuration of both cases mentioned above. Please note if gratuity amount has to be captured as Part of CTC then, 2 components to be created as mentioned in below config steps.

### In the case of pay out of gratuity for resigned employees for below steps to create Gratuity component:

Go to **Settings >> Salary Components** and click on “**New**” button

Update the component name as “**Gratuity**” and even the abbreviation as “**GRATUITY**”

Ensure it is a paid component; for this, tick the “**Paid Component**” check box

Pay Type needs to be **Earnings**

Keep it **Non-Taxable**, but **NOT “Distributed across the year”**

Calculation Type needs to be “**Formula**” and update the relevant formula; usually, this is as under:

“(Basic+DA) \* Number of completed years of Service \* 15/26”;

(Basic+DA) means the Last Drawn Basic and DA

In app, formula can be given as **(Basic+DA)\*15/26**

Map this to **Gratuity** component

And Round-off value can be “**Nearest to One Rupee**”

This is a **Variable** component

Tick the “**Is an FFS Component**”, “**Active**” and “**Payable if full month LOP(optional)**” check boxes before finally clicking the “**Save**” button.

The screenshot shows a configuration form for a salary component. The left sidebar lists navigation options like 'Company Profile', 'Configure Rules', 'Create Masters', 'Locations', 'Banks', 'Leaves', 'Holidays', 'PF Rules', 'Salary Components', 'My Subscription', and 'Account Balance'. The main form area contains the following fields and options:

- Name \***: Input field containing 'GRATUITY FFS'
- Abbreviation \***: Input field containing 'GFFS'
- Effective Date \***: Date picker showing '01/04/2018' with a calendar icon
- Paid Component**: Checked checkbox
- Pay Type \***: Dropdown menu showing 'Earnings'
- Tax Status**:
  - Taxable
  - Non taxable
  - Tax is distributed across the year
- Calculation Type \***: Dropdown menu showing 'Formula'
- Calculated On \***: Dropdown menu showing 'Deducted Amount'
- Value/Formula \***: Input field containing 'BASIC15/26' with a 'Formula' button
- JV Code**: Input field (empty)
- Map to**: Dropdown menu showing 'Gratuity'
- Round off value \***: Dropdown menu showing 'Nearest to 1 Rs'
- Component Type**:
  - Variable component
  - Fixed component
- Other Options**:
  - Is an FBP component
  - Attendance dependent
  - Part of CTC
  - Create dependent component
  - Active
  - Is an FFS component
  - Payable if full month LOP
  - Payable if an employee joined on or before**: Dropdown menu showing '- Select -'

**In the case to capture the gratuity amount in salary master as Part of CTC:**

Go to **Settings >> Salary Components** and click on “**New**” button

Update the component name as “**Gratuity Master**” and even the abbreviation as “**MGRATUITY**”

In this case, it is not a paid component; for this, untick the “**Paid Component**” check box

Pay Type needs to be **Earnings**

Keep it **Non-Taxable**

Calculation Type needs to be “**Formula**” and update the relevant formula; usually, this is as under:

In app, formula can be given as “**(Basic\*4.81%)**”

Do not select anything under **Mapping**

And Round-off value can be “**Nearest to One Rupee**”

This is a **Fixed** component

Select **Part of CTC** check box

Do not tick the “**Is an FFS Component**” option

Do not tick the” **Payable if full month LOP**”option

Select “**Active**” check boxes before finally clicking the “**Save**” button

Company Profile

Configure Rules

Create Masters

Locations

Banks

Leaves

Holidays

PF Rules

Salary Components

My Subscription

Account Balance

Name \*

Gratuity Master

Abbreviation \*

MGRATUITY

Effective Date \*

01/04/2018

Paid Component

Pay Type \*

Earnings

Tax Status

Taxable

Non taxable

Tax is distributed across the year

Calculation Type \*

Formula

Calculated On \*

Deducted Amount

Value/Formula \*

BASIC\*4.81%

Formula

JV Code

Map to

- Select -

Round off value \*

Nearest to 1 Rs

Variable component

Fixed component

Is an FBP component

Attendance dependent

Part of CTC

Create dependent component

Active

Is an FFS component

Payable if full month LOP

Payable if an employee joined on or before

- Select -

*Note: To get Tax exemption for resigned employees, please do "IT mapping"*

<http://support.paybooks.in/solution/articles/189064-how-to-make-components-visible-in-section-10-declaration->