PAYROLL PROCESSING: PROFESSIONAL OPPORTUNITIES

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COVERAGE:

▸ Basics: Payroll processing

▸ Relevance: Organisation point of view

▸ Relevance: Professional's point of view

▸ Components of payroll processing

▸ Compliance: Tax and Statutory

▸ Documentation & HR records

▸ Payroll software

▸ Opportunities for the professionals

BASICS: PAYROLL PROCESSING

Major cost for the organisation

- Controlling point of view
- Important item of the P & L

Calculation

- Accurate calculation of salary and wages
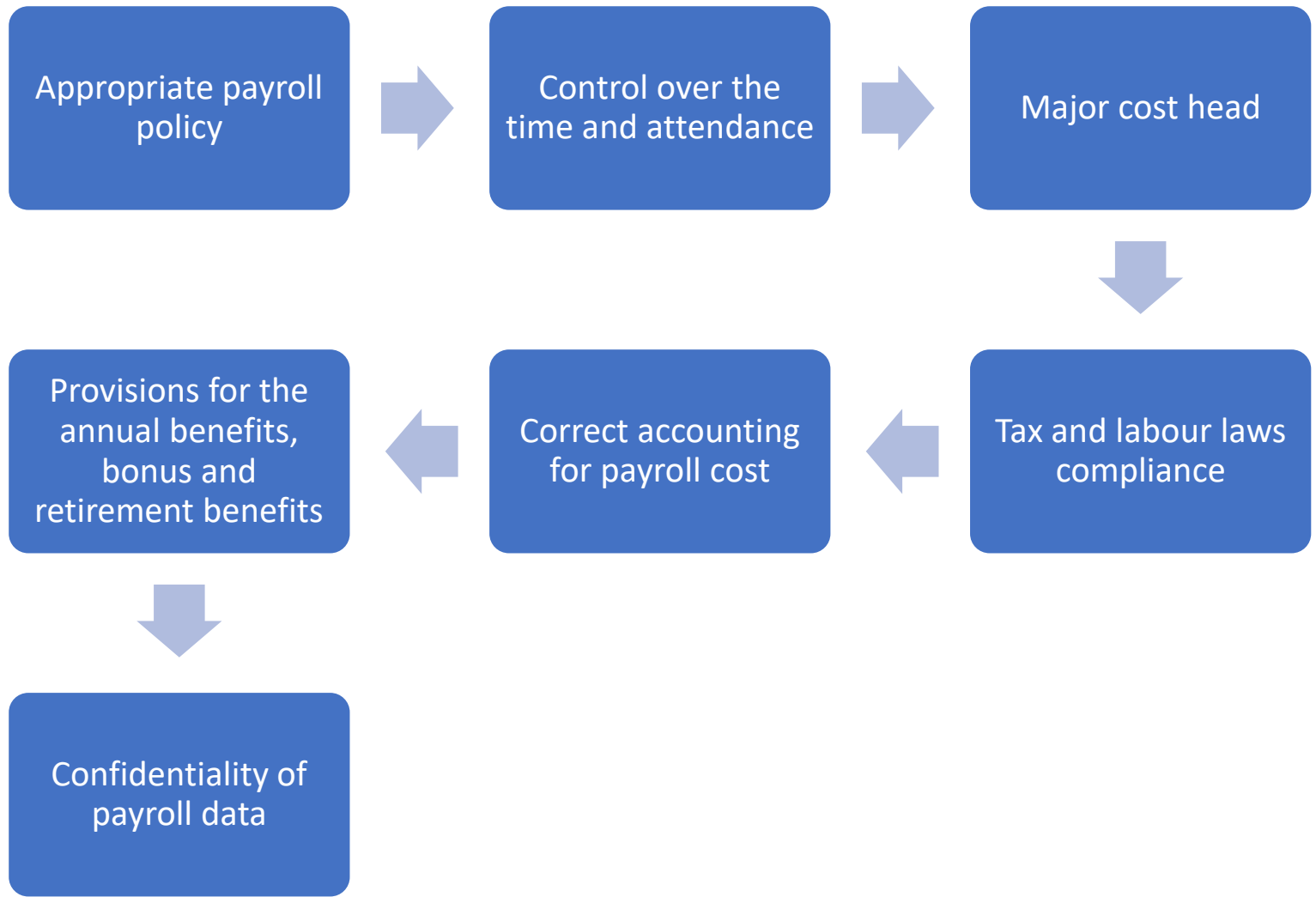- Covers permanent and temporary employees

Data Dependency

- Employee Master
- Attendance,
- Bonus,
- Overtime and
- Other tax rules

Other Important Point

- Directly related to the employee
- Complex from tax and compliance point of view
- Better to use software

RELEVENCE: ORGANISATION'S POINT OF VIEW

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Appropriate payroll policy  →  Control over the time and attendance  →  Major cost head
                                                                              ↓
Provisions for the annual benefits, bonus and retirement benefits  ←  Correct accounting for payroll cost  ←  Tax and labour laws compliance
        ↓
Confidentiality of payroll data
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RELEVENCE: PROFESSIONAL'S POINT OF VIEW

- Control over the payroll cost and compliance

- Accuracy

- Reduce audit risk

- Focus on documentation, polices

- Reduction in cost of compliance

- Use of correct processes and software
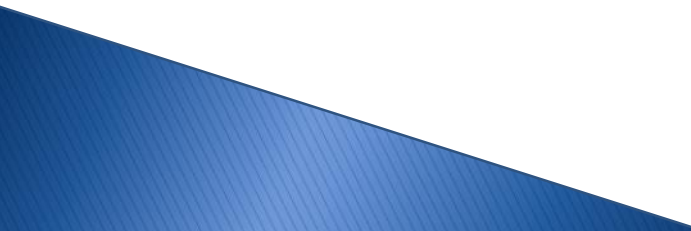
- Correctness of annual provisions and retirement benefits

PAYROLL PROCESSING: COMPONENTS

Define payroll policy:

- It should be pre-approved by management
- Pay policy: Salary break-up
- Leave and attendance policy
- Employee benefit policy
- Defining class of employee
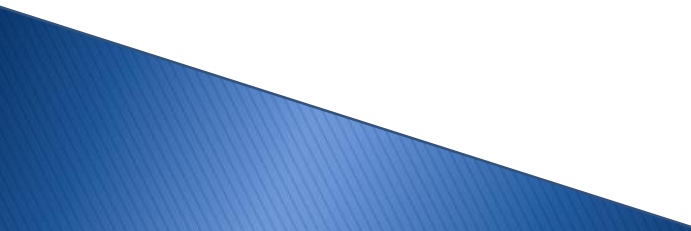- Different pay structures for different class of employees
- Payroll process

Employee onboarding:

▸ Preparation of list of employee to be paid

▸ Creation of employee master

▸ Set-up of payroll based on policy
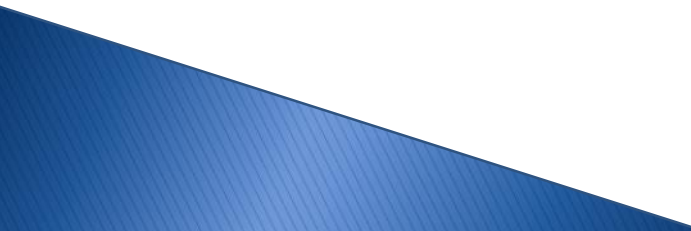
▸ Approval by appropriate authority

Gather & Validate employee inputs (Leave/attendance):

- Inputs for employee master creation:
  - PAN
  - Date of birth
  - Aadhar
  - Bank account details
- Monthly inputs for payroll process:
  - Leave attendance data
  - Tax saving investment details
  - Pay details etc

Calculate payroll:

▸ Run payroll for the month

▸ Calculate payroll and prepare salary sheet

▸ Check taxes and deductions

▸ Get it approved from the management

▸ Check for the new joiner, resigning and retiring employee

Distribute employee Salary:

▸ Prepare bank upload file

▸ Validate the file

▸ Check the correctness as per audit trail

▸ Send upload file for the payment processing

▸ Reconcile the payments with salary sheet

Pay statutory dues:

▸ Below are usual statutory dues which need to be paid post salary processing

- ◦ TDS

- ◦ Profession tax

- ◦ PF

- ◦ ESIC

- ◦ LWF

    Above statutory payments should be paid before due dates.

Distribute pay-slip and tax computation sheet

▸ Timely distribution of pay-slip is best payroll practice

▸ It should be distributed immediately after payment processing

▸ Distribution of salary slip will be well managed by payroll software and its automation.

▸ Tax computation sheet will be generated from payroll software.

COMPLIANCE: TAX AND STATUTORY

- There are around 45-50 different labour laws which are applicable to various establishments based its industry

- Usually 12-15 laws / acts applies to common business establishments.

- Income tax, PT, PF, ESIC and LWF are the laws which has direct impact on monthly payrolls.

- Bonus, Gratuity, weekly holiday etc has impact on annual benefits to the employees.

DOCUMENATION AND HR RECORDS:

▸ HR records is important part of the overall payroll processing

▸ HR records with respect to payroll includes:

- Offer and appointment letter

- Leave and attendance records

- Full and final settlement document

- Investment declarations

- Tax computation

- Tax compliance records

PAYROLL SOFTWARE:

▸ Automated payroll software will do away with all the challenges of using spreadsheets and with below benefits

- Ease to operate
- Automation
- Employee self service
- Time, attendance and leave management
- Cost effective
- Available multiple options

AVAILABLE SOFTWARES:

- Ascent Payroll by Eilisys Technologies (Both options available – Desktop and cloud base)

- Saral Paypack (Desktop)

- Sinewave Payroll

- Greytip (Cloud base)

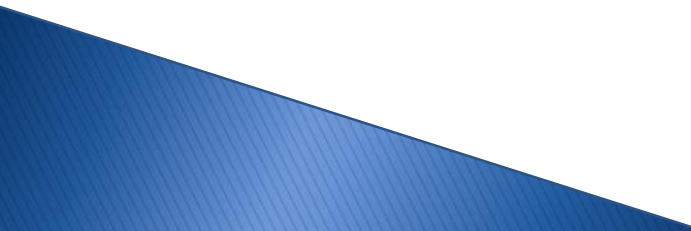- HR Factor

- HR Mantra (Desktop base and Cloud base)

OPPORTUNITIES FOR PROFESSIONALS:

▸ Large market available

▸ Required for every business establishment

▸ Ease of doing due to software use

▸ Process base service – Monthly frequency

▸ Scalable – Trained team can serve multiple clients

▸ Proper payroll set-up establishes control over employee cost – Audit/ compliance benefits

▸ Can be offered to small businesses at minimum pricing

OPPORTUNITIES: ALLIED SERVICES

- Payroll policy drafting

- Salary structuring

- Investment proof verification

- Payroll tax compliance – Tds returns

- Employee self service option through software

- Payroll audits

THANK YOU

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