## **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

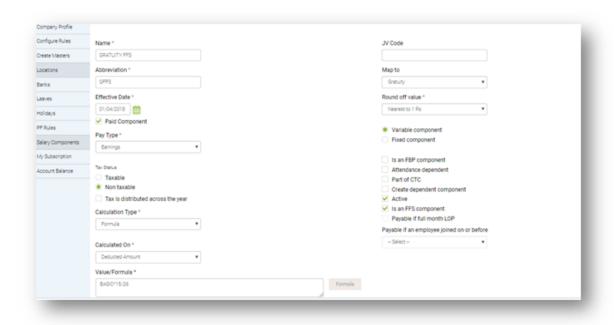
Pay Type needs to be **Earnings** 

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.



## 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, t 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:

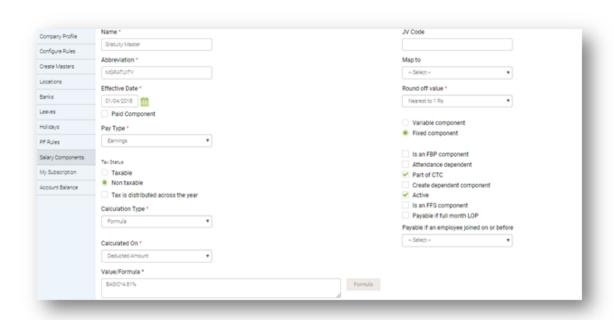
In app, formula can be given as "(Basic\*4.81%)"

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



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-