**Salary Advance Policy**

**Objective**

Payroll or Salary advance policy describes the Company’s terms for advancing pay to our employees as an emergency short-term loan. This policy is designed to support employees to tide over any urgent financial exigency or emergency for a short period

**Scope and Applicability**

This policy applies to all of our permanent full-time or part-time employees regardless of position. Temporary employees, who have contracts that span more than [one year] as on the date of application for advance, are also covered in this policy.

This policy is owned by <Name of the Person> and reachable @ <Contact Number> and <email address>

**Policy/Process**

**Policy elements**

“Payroll advance” refers to employees receiving a portion of their pay before their next normal payday. This doesn’t include any money paid to the employee for relocation or work-related expenses.

<Company Name> is not obliged to pay employees in advance and may choose to accept or reject an application without assigning any reason whatsoever.

**Conditions for requesting a payroll advance**

Employees can ask for a pay advance if they:

● Have completed their probation period.

● Have not taken any other company-sponsored loan.

● Have not asked for a pay advance in the past [six months.]

Employees should have a legitimate reason to apply for advance pay, usually an unexpected or unavoidable occurrence.

**Payroll advance terms**

The minimum advance pay is [3x of the employees’ average monthly net pay]. If employees find themselves in need of more frequent or larger pay advances than they are allowed, they should discuss the situation with their [Department and HR Head.]. Management may decide to make exceptions on a case-by-case basis.

The EMI/full amount (whichever is applicable) of the advance payment will be deducted from the employee’s immediate salary. The repayment terms must be in writing and signed by employees. Repayment terms will comply with the law if it places restrictions on the deductible amount or if it prohibits Salary deductions altogether.

No administrative fees or interest will be charged on such advances.

If an employee resigns or is terminated before they repay their pay advance, HR is responsible for reaching a new agreement with the employee or deducting the entire remaining amount from the final Salary. Any relevant legal requirements (whether national or local) will be followed.

**Payroll advance agreements**

Employees who want to request a payroll advance should ask HR for an official form. They must:

● Indicate their reasons for requesting the salary advance

● State the amount of money they want to receive in advance.

● Sign to accept this policy’s terms.

This procedure must be followed:

1. Employees should submit the form to their Department Head (or HR if their Department Head is unavailable.)

2. The Department Head should first review the form. If they approve, they must sign the form and submit it to HR and [Finance Head.]

3. HR and the [Finance Head] must also review the form and decide whether to grant the employee’s request within [two days] of receiving the form. If they approve, HR must create an agreement form on pay advance and repayment terms taking any applicable taxes into account. This agreement must be signed by HR, the [Finance Head] and the employee and include relevant dates.

4. HR must forward the signed agreement to the accounting department. The accounting department must give employees their advanced pay through check, cash or bank transfer within [two days] of receiving the form.

If the request is denied, the [manager/HR] must inform that employee within one business day.

**Special Circumstances and Exceptions**

Salary advance cannot be paid for the below reasons:

● Taking a planned vacation

● Entertainment expenses

● Gambling

● Fines

Any Deviation to this policy has to be approved by HR. Any changes to the policy have to be approved by Legal and Compliance.