**Gratuity Policy**

**DOCUMENT CONTROL SHEET**

| **Document History** | | | | | |
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| **Ver No.** | **Release Date** | **Policy/Description of Change** | **Authored/Revised By** | **Reviewed By** | **Approved By** |
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**Notes:**

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**GRATUITY**

**OBJECTIVES:**

The Gratuity Scheme follows the Payment of Gratuity Act's guidelines.

**SCOPE:**

The Scheme covers all permanent employees.

**POLICY:**

1. Gratuity is paid on the occurrence of any of the following: Retirement, Resignation, Permanent Disablement or Death.
2. Except in the case of death or permanent disability, a minimum of 5 years of continuous service is necessary to be eligible for payment.
3. At the moment of retirement/separation, the criterion of calculation is:

i. Formula: 15/26 x Years of continuous service x last drawn Basic.

ii. For example, if one draws Rs.3, 000/- (Basic) salary and has served for 10 years 4 months, the calculation will be Rs.3, 000/- x 10 years x 15/26.

1. The calculation of tax-free gratuity, on the other hand, will be as follows:

i. 10 months' average wage (Basic) x 10 years x 15/30.The difference between the total gratuity payable and the gratuity that is tax-free will be taxed. Maximum tax-free gratuity is limited to Rs.3,50,000/-

1. Six months of duty or more is considered a year of service. For service of fewer than six months, no credit is provided.
2. In case of sudden death in service or permanent disability, the gratuity period will be counted till the time of retirement. Gratuity proceeds are currently excluded from income tax.

If an employee is fired for causing willful damage or destruction to corporate property or for any act of moral turpitude, a portion or all of the gratuity may be forfeited.