

## Document Identification

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## REVISION HISTORY

<b>Revision</b>	<b>Date</b>	<b>Description of Changes</b>	<b>Author(s)</b>	<b>Approved by</b>
<b>1.0</b>	<b>18/01/2013</b>	<b>Initial Release</b>	<b>Rabindra</b>	<b>Souvik</b>

## 1. POLICY PURPOSE

The purpose of this policy is to define the salary structure comprises of components, which are paid either monthly or annually. The structure also includes retirement benefits.

The structure is subject to the Indian Income Tax Act, 1961 and implies that there may be some components, which are exempted from Income Tax and some others, which are partially taxable or fully taxable. This structure may be altered from time to time to incorporate any amendments that are made to the provisions of the Income Tax Act and other relevant statutes that relate to compensation

## 2. POLICY SCOPE

The policy is applicable to all categories of employees who are on rolls of the organization

## 3. POLICY DESCRIPTION

The Components of the current salary structure are given below:

### Monthly payments

Basic Salary  
 HRA  
 Daily Allowance  
 Medical Allowance  
 Special Allowance

### Annual Pay out

Variable Pay  
 Performance Linked pay

### Retirement Benefits

Company's contribution to Provident Fund

### Basic Salary

Basic salary is the primary component of the salary structure. Some elements of compensation are related to the Basic Salary. Performance based increases in salary are given as increments in Basic salary.

### House Rent Allowance

House Rent allowance is given as part of the compensation package and is provided to all employees as per their grade or designation

### Medical Reimbursement:

Eligibility: All Permanent employees of the organization

Employees can allocate maximum as sum of Rs 15,000/- towards medical reimbursement out of their FBP, this will be paid on month on month basis.

**Taxability:** This is taxable as contained in Section 17(2) which is as under. Medical exemption can be availed to the extent of Rs.15,000/- only.

"Exemption subject to production of Bills." In order to grant tax exemption medical bills have to be submitted once in 3 months i.e. 15th June, 15th Sept, 15th Dec, 15th March.

In case Reimbursement of Medical Expenses attracts Fringe Benefit Tax the same will be protected & paid by the Company on behalf of the Employee.

#### **Reimbursement of Telephone Expenses:**

**Eligibility:** All Permanent employees of the organization, subject to the condition that these employees are NOT provided with official mobile/ residential telephone. Maximum reimbursement shall not exceed Rs 24,000/- Per Annum. Only Post Paid Connections are accepted for Reimbursement.

Employees who have their personal mobile/ residential telephone and make use of their personal phone for official usage employees can claim reimbursement from Company

This will be paid on a month on month basis, Necessary proof of the expenses should be produced for verification to substantiate the payment for official calls and balance will be taxed on a quarterly basis. Along with the declaration employee shall produce one copy of the bill as a proof of ownership of the telephone/ Mobile. In the event of employee residing in a rented house & the residential telephone is not in the name of the employee then he should provide a declaration from the landlord that the telephone is also a part of his rental agreement.

**Taxability:** In case Reimbursement of Telephone Expenses attracts Fringe Benefit Tax the same will be protected & paid by the Company on behalf of the Employee.

#### **Variable Performance Pay**

This will be paid once in a year based on the performance review/ achievements of MBO's set (As the case may be) to those employees who are on permanent rolls of the company as on date of Payment.

#### **Payment**

The monthly salaries shall be credited to the employee's Bank account on every 10<sup>th</sup> day of the Month.

#### **Claim Submission**

Employees shall submit all the claims pertaining to tax savings quarterly or as mentioned above across respective components in the specified format duly signed in enclosing all the relevant proof of expenses/ bills and shall also give self declaration to the authenticity / genuineness of the proofs. In the event of scrutiny / tax assessment employee will be responsible to justify such claims. Submission of Documented/ Unauthenticated bills/ proofs results in Misappropriation of funds & termed as Grave Misconduct which may even lead to termination of employment.

Employees shall submit all proofs/ bills before 10th of the succeeding month of the quarter. The amount uncovered by the bills will be treated as taxable allowance in the succeeding month. April to June quarter will be taxed in July based on the bills to be submitted before 10th July, July to September quarter is to be taxed in the month of October and so on. However, for the last quarter of March, bills are to be submitted before 10th of March itself.

Employees willing to opt for Income tax Exemption shall also submit the Proof of Investments made & which are allowed as per IT rule in Investment Proofs Submission form

This policy supersedes all other previous policy on the aforesaid subject.

Management retains exclusive right to withdraw any of the components mentioned above from the salary Structure at its discretion

#### **4. POLICY DEPLOYMENT**

The HR department is responsible to implement the structure accurately and consistently across all level of employees in the organization..

The HR department have to maintain the records of all changes to the structures, and inform the employees regarding updates

#### **5. POLICY REVIEW**

The policy need to be reviewed once in year by top management as part of quality management system review