

## Lesson no. 7: Introduction of Payroll Accounting

### Payroll Accounting in Tally ERP 9

Tally Payroll is integrated with Accounting to give the user the benefits of simplified Payroll processing and accounting.

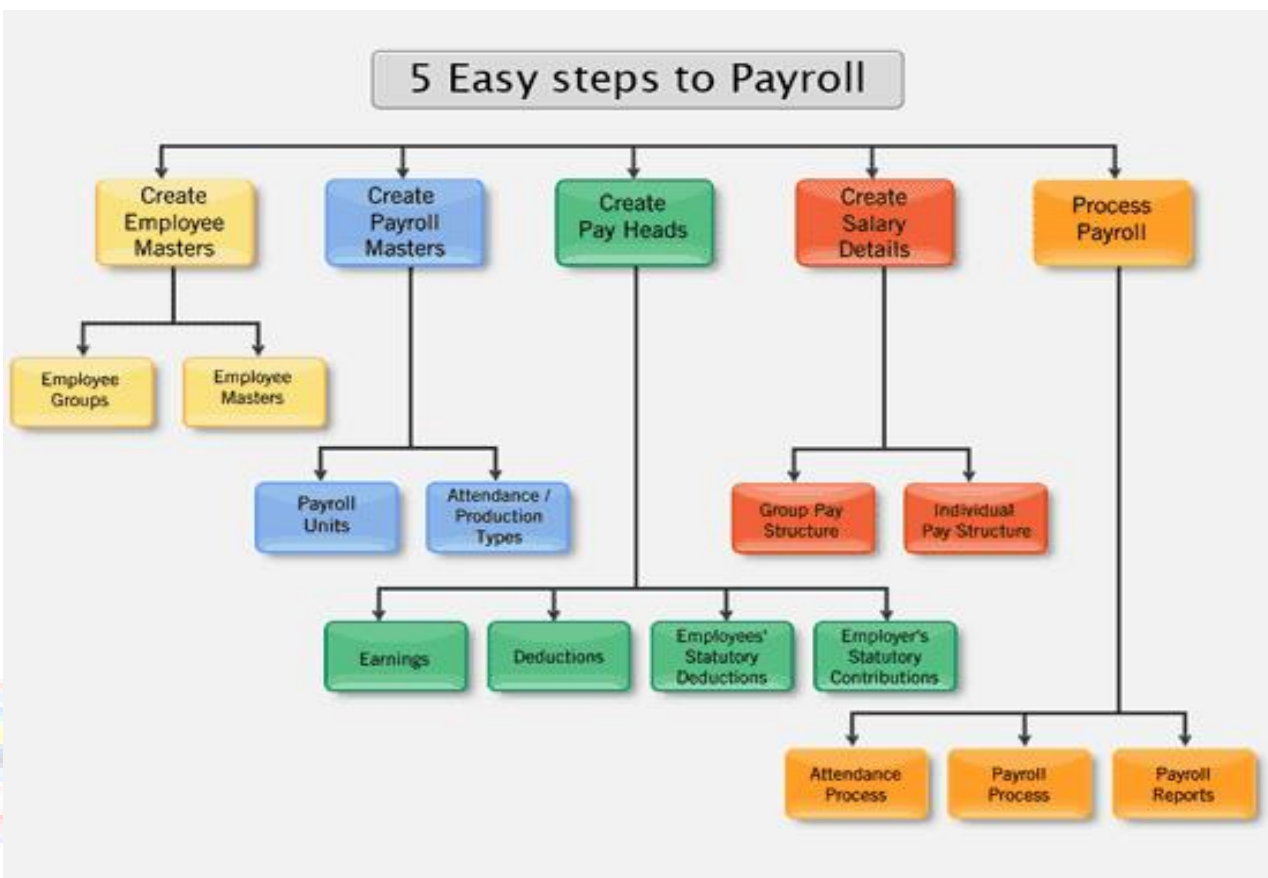
Tally Payroll also supports configurable formats for Payslip Printing, Flexible Salary/Wage, Attendance, Leave and Overtime Registers, Gratuity and Expat reports.

### Features of Tally Payroll

In keeping with Tally's tradition of simplicity, strength and flexibility, Tally Payroll offers the following features to meet the diversified requirements of small to large business enterprises.

- It allows seamless integration with Tally Accounts. There are no disconnects between Payroll and Accounts.
- It offers Employee Groups → Unlimited Classification and sub-classification of employees.
- It offers Pay Structures → ease of conformity, faster entry and flexibility of non-dependence.
- It offers Pay Components → user-definable earnings, deductions and others.
- It offers a unique Auto-Manual payroll processing facility.
- It is independent of processing period restrictions.
- It offers Employee Groups, Pay structures and Pay components.
- It offers a unique Auto-Manual payroll processing facility.
- It allows Arrears Calculation.
- It computes salary based on Attendance, Time, Unit of Production or any other criteria.
- Tally Payroll helps in tracking of Loans and Advances.
- It provides calculation of Gratuity.
- It allows you to drill down from any summary report to detailed levels, and till the originating transaction, for a particular Pay component value.
- It provides configurable report formats.
- You can also process Payroll using the Multilingual feature in Tally.

## Five Easy Steps to Generate a Payroll



**Step 1: Create Employee Masters:** Create an Employee master, Enter the requisite Employee Details & Employee group by grouping employees under the function they perform; their department or designation.

**Step 2: Create Payroll Masters:** Create the Payroll Units, Create the Attendance / Production Type to record the Attendance and Production details.

**Step 3: The components of structured salary are created under Pay Head:** Create the salary structure components in pay head. The Pay head creation in Tally ERP 9 is very user friendly. Tally ERP 9 allows creating any complex type of pay head.

**Step 4: Create Salary Details:** Create the applicable Salary Details for both Employee Groups as well as Individual Employees with earnings deductions and basis of computation.

**Step 5: Process Payroll and Generate Payslip:** Pass a Payroll voucher to enter all Earnings and Deductions in payroll transactions that are paid along with the Salary Payslip for all employees.

Generate the Payslip that provides employee as well as attendance details, itemizes each component of the employee’s earnings and deductions, and displays the net amount paid to him for a given pay period. It also provides information to the employee as to how the net amount was arrived at.

## Enabling Payroll in Tally ERP 9

To enable Payroll in Tally

Go to Gateway of Tally → F11: Features → Accounting Features

<u>Cost/Profit Centres Management</u>	
Maintain Payroll	? Yes
Maintain Cost Centres	? No
Use Cost Centre for Job Costing	? No
More than ONE Payroll / Cost Category	? <b>Yes</b>
Use Pre-defined Cost Centre Allocations during Entry	? No

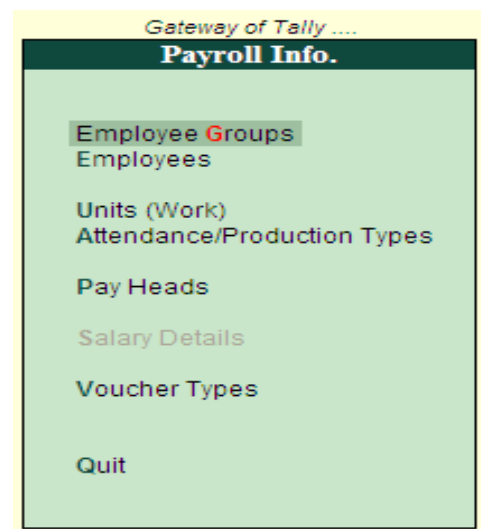
## Payroll Information

Go to Gateway of Tally → Payroll Information

**Create Employee Groups like As:**

Category	Department	Under
Primary Cost Category	Marketing Dept.	Primary
Primary Cost Category	Sales Dept.	Primary
Primary Cost Category	Admin Dept.	Primary
Primary Cost Category	Production Dept.	Primary

**See groups after Creations:**





**Create Employee List as per Employee Groups / Departments:**

Sl. No.	Name	Under	Date of Joining	General. Info	Bank Details
1	Amit Gupta	Marketing Dept.	1 <sup>st</sup> May. 2015	Yes	Yes
2	Rahul Singh	Marketing Dept.	1 <sup>st</sup> July. 2014	Yes	Yes
3	Mohan Kumar	Marketing Dept.	1 <sup>st</sup> Jan. 2013	Yes	Yes
4	Raj kumar	Marketing Dept.	1 <sup>st</sup> Mar. 2015	Yes	Yes
5	Rohit Singh	Sales Dept.	1 <sup>st</sup> Apr. 2013	Yes	Yes
6	Mohit Kumar	Sales Dept.	1 <sup>st</sup> Sep. 2013	Yes	Yes
7	Jyoti Singh	Sales Dept.	1 <sup>st</sup> June. 2014	Yes	Yes
8	Rani Sharma	Sales Dept.	1 <sup>st</sup> Oct. 2015	Yes	Yes
9	Ajay Singh	Sales Dept.	1 <sup>st</sup> Jan. 2016	Yes	Yes
10	Sunil Gusain	Sales Dept.	1 <sup>st</sup> Feb. 2015	Yes	Yes
11	Monika Singh	Admin. Dept.	1 <sup>st</sup> Mar. 2014	Yes	Yes
12	Abid khan	Admin. Dept.	1 <sup>st</sup> May. 2015	Yes	Yes

## Employee List Creation in Tally ERP 9

**Employee Creation** **Apex Institute**

Category : Primary Cost Category  
 Name (alias) : Amit Gupta  
 Under : Marketing Department  
 (Primary)  
 Date of Joining : 1-May-2015

General Info		Payment Details	
Employee Number	: Amg0012-2015	Bank Name	: HDFC
Designation	: Head	Branch	: Dilshad Colony
Function	: Marketing	Bank A/c Number	: 23423423423423
Location	: Delhi		
Gender	: Male		
Date of Birth	:		
Blood Group	: A Positive		
Father / Mother Name	: Mr. Raj Mohan Gupta		
Spouse Name	: Soni Singh		
Address	: D-34, 3rd Floor Dilshad Colony Delhi 110095		
Contact Numbers	: 9874554780		
E-Mail ID	: amitg@yahoo.com		

Accept ?  
 Yes or No

### Create Unit (Work) as per :

**Day** : for whole 8 hours

**Hours**: for Overtime

### Unit (Work) Creation in Tally ERP 9

**Unit Alteration**

Type : Simple  
 Symbol : **Day**  
 Formal Name : For Day  
 Number of Decimal Places : 0

**Units**

Apex Institute	
Name of Unit	
Day	(For Day)
Hrs	(Hours)

## Create Attendance / Production Types as per:

**Present** : for whole 8 hours (Day Present)

**Overtime** : for Overtime attendance (Hours basis)

## Attendance / Production Type Creation in Tally ERP 9

Name of Attendance/Production Type	Under	Hrs
Overtime	J Primary	Hrs
Present	J Primary	Days

## Pay Heads

The salary components constituting Pay Structures are called Pay Heads. A Pay Head may be an earning, which is paid to an employee, or a deduction, which is recovered from his/her salary. The value of these Pay Heads could be either fixed or variable, for each Payroll period.

You have to create All Pay Head under an Accounting Group such as Direct Expenses, Indirect Expenses, Current Liabilities, Duties & Taxes, Provision, or Loans and Advance (Asset).

### Pay Head Type

A Pay Head is categorized as Allowances, Deductions or Reimbursements

In Tally Payroll, Pay Head types are provided in a natural language for ease of use, as follows:

### Create Pay Heads like as

Name	Pay Head Type	Under	Affect Salary	Payslip	Gratuity	Calculation
Basic Pay	Earning for Employee	Indirect Expenses	Yes	Basic Pay	No	On Attn.
HRA	Earning for Employee	Indirect Expenses	Yes	Basic Pay	No	On Attn.

TA	Earning for Employee	Indirect Expenses	Yes	Basic Pay	No	On Attn.
DA	Earning for Employee	Indirect Expenses	Yes	Basic Pay	No	On Attn.
Overtime	Earning for Employee	Indirect Expenses	Yes	Basic Pay	No	On Attn.
EPF@12%	Employee Statutory Deduction	Current Liabilities	Yes	EPF@12%	NA	As Computed Value

**Tally.ERP 9**

P: Print   E: Export   M: E-Mail   O: Upload   G: Language   K: Keyboard   K: Control Centre   H: Support Centre

**Pay Head Creation** **Apex Institute**

Name : Basic Pay	Total Op. Bal.
Pay Head Info	
Pay Head Type : Earnings for Employees	
Under : Direct Expenses	
Affect Net Salary ? Yes	
Name to appear in Payslip : Basic Pay	
Use for Gratuity ? No	
Calculation Type : On Attendance	
Attendance / Leave with Pay : Present	
Calculation Period : Months	
Per Day Calculation Basis : User Defined	
Months of 30 Days	
Rounding Info	
Rounding Method : Not Applicable	
<div style="border: 1px solid black; padding: 5px; display: inline-block;">Accept ?</div>	
Opening Balance ( on 1-Apr-2016 ) :	
<div style="border: 1px solid black; padding: 5px; display: inline-block;">Yes or No</div>	

Q: Quit   A: Accept   D: Delete

## Pay Heads Creation in Tally ERP 9

### EPF @ 12% Creation in Tally ERP 9

Tally.ERP 9

P: Print    E: Export    M: E-Mail    O: Upload    G: Language    K: Keyboard    K: Control Centre    H: Support Centre

**Pay Head Creation**      Apex Institute

Name : EPF @ 12%  
(alias) :

Total Op. Bal.

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Pay Head Info		Computation Info	
Pay Head Type	: Deductions From Employees	Compute	<b>On Specified Formula</b>
Under	: Indirect Expenses	Specified Formula	<b>Computation On</b>
Affect Net Salary	? Yes	Effective From	Value Basis
Name to appear in Payslip	: EPF @ 12%	1-Apr-2016	On Current Deductions Total
Calculation Type	: As Computed Value		On Current Earnings Total
Calculation Period	: Months		On Current SubTotal
			<b>On Specified Formula</b>

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Rounding Info

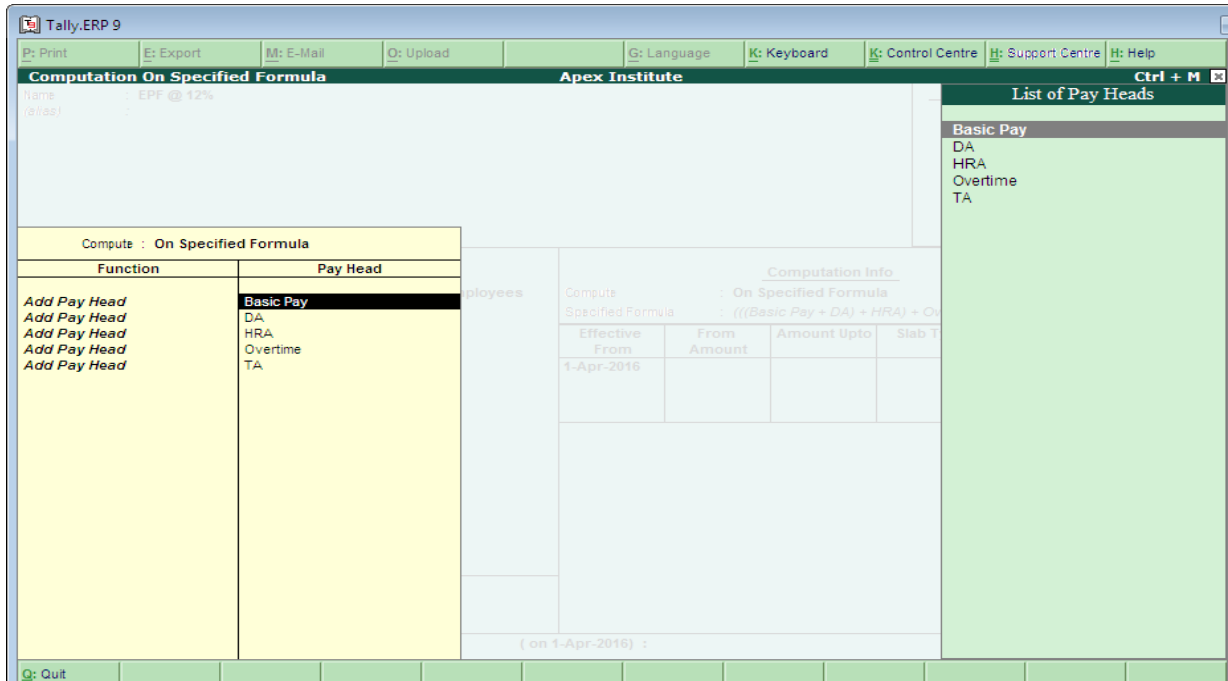
Rounding Method : Not Applicable

Opening Balance ( on 1-Apr-2016 ) :

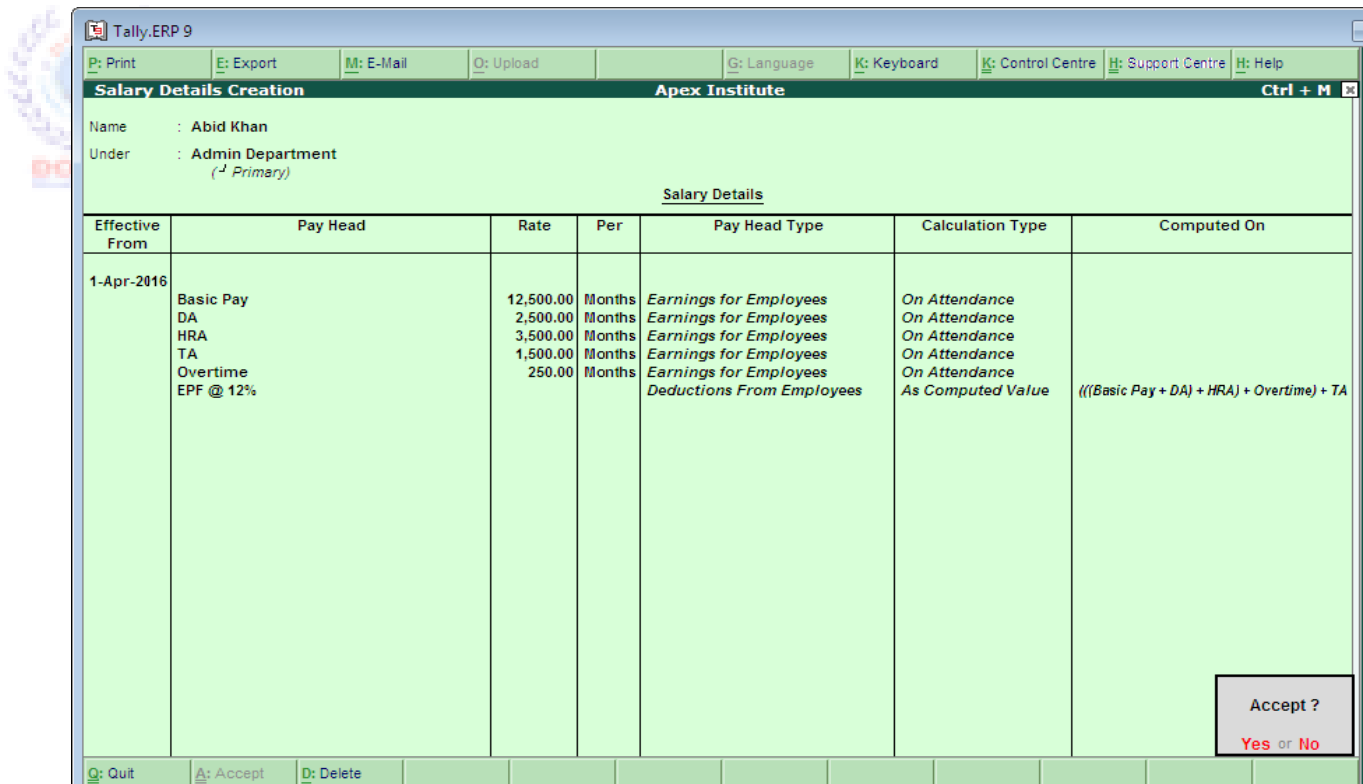
Q: Quit    A: Accept    D: Delete

Computation Info				
Compute		: On Specified Formula		
Specified Formula		: (((Basic Pay + DA) + HRA) + Overtime) + TA		
Effective From	From Amount	Amount Upto	Slab Type	Value Basis
1-Apr-2016			Percentage	<b>12 %</b>





## Create Salary Details in Tally ERP 9



## Edit Payroll Configurations in Tally ERP 9

Go to Gateway of Tally → F12 → Payroll Configuration →

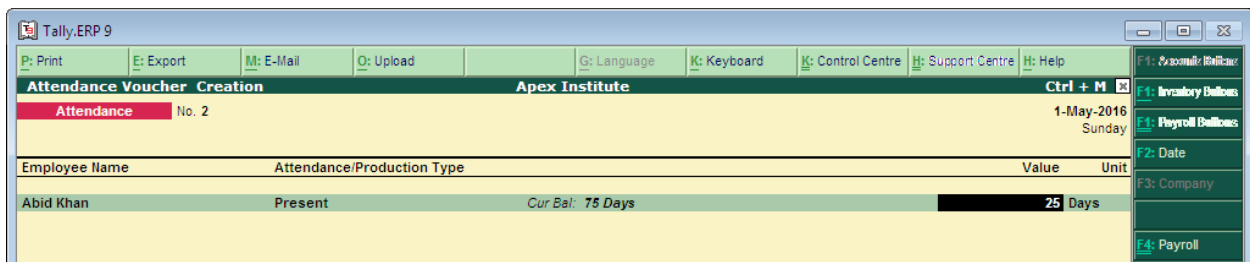
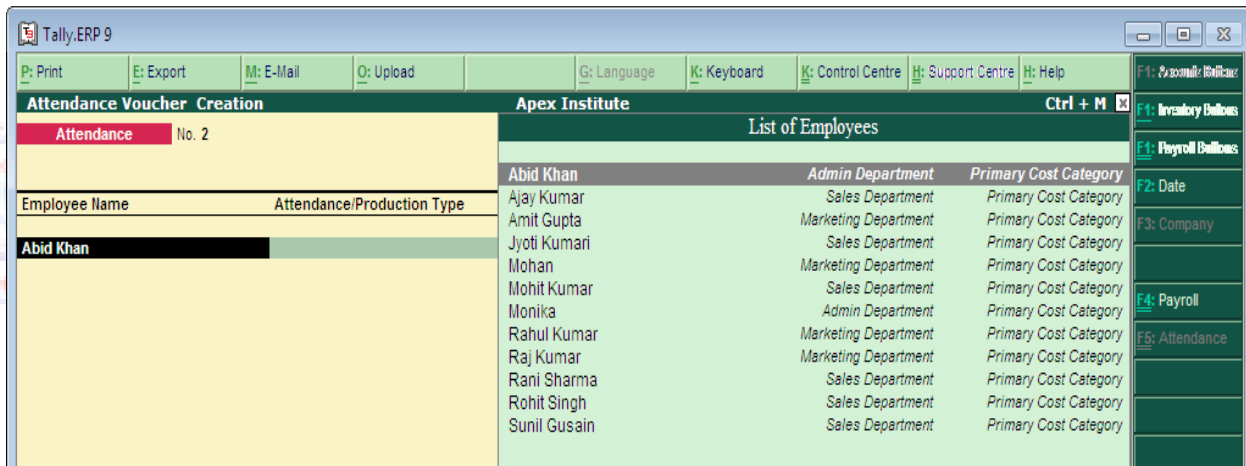
**Payroll Configuration**

Show Statutory Details	? Yes
Show Passport & Visa Details	? Yes
Show Contract Details	? Yes
Show Deactivated Employees	? Yes
Information in Payment Advice	: Please make the payroll transfer from above account number to the below mentioned account numbers towards employee salaries:

## Create Payroll Vouchers in Tally ERP 9

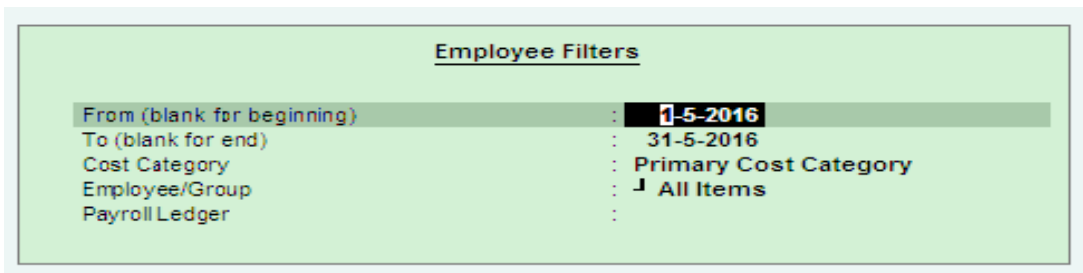
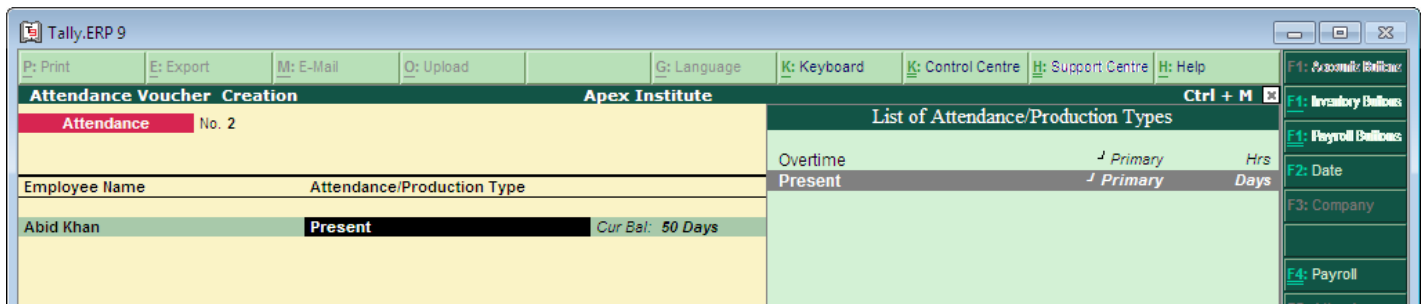
Go to Gateway of Tally → Transaction → Payroll Vouchers

Now Select F5 → Attendance like as:



Now Click F4 → Payroll and Select Bank account in which bank you want to pay salary.

→ Select Primary Cost Category → Click on Payroll Auto Fill → Set the pay period.



Now you can see the all Payroll Details like as:

