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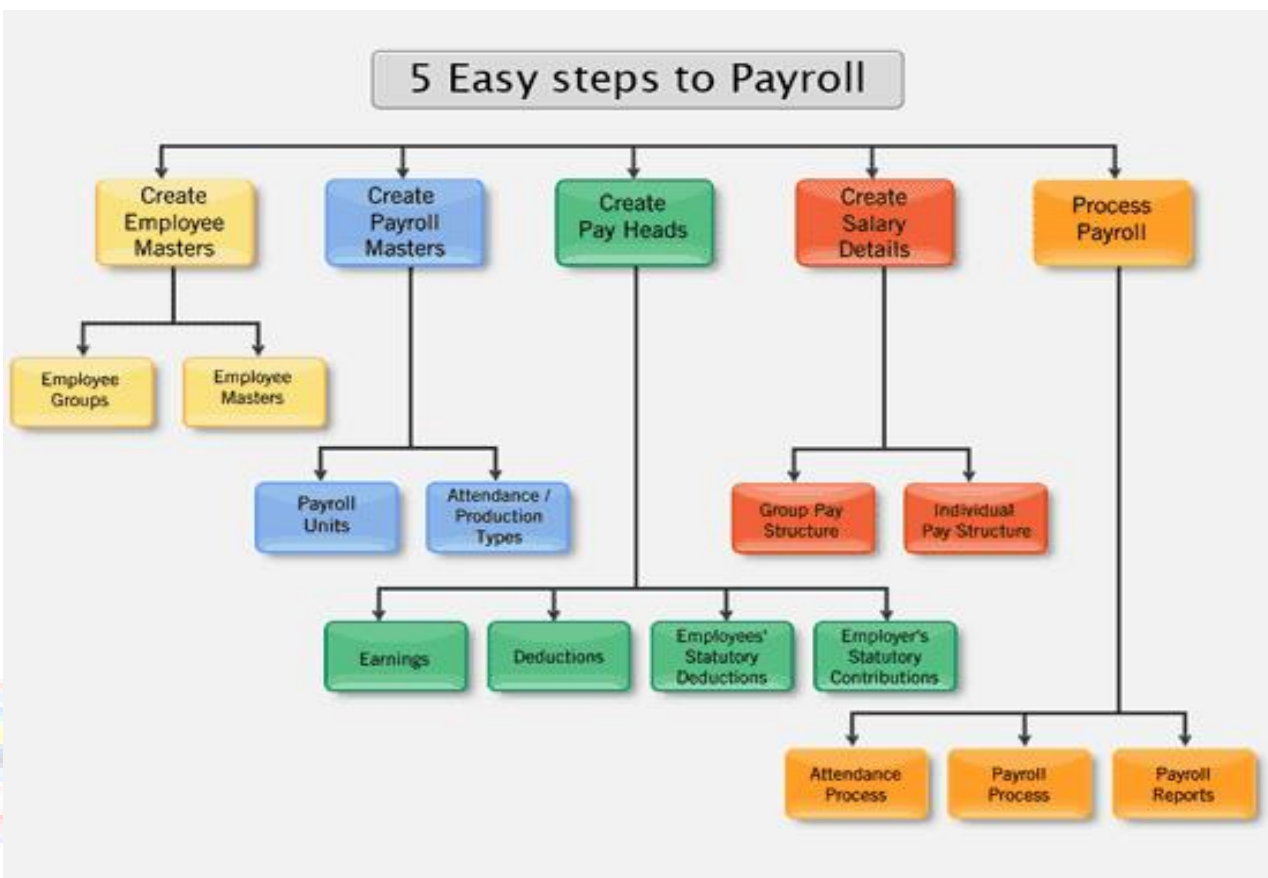
Step 1: Create Employee Masters: Create an Employee master, Enter the requisite Employee Details & Employee group by grouping employees under the function they perform; their department or designation.

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

Cost/Profit Centres Management

Maintain Payroll	? Yes
Maintain Cost Centres	? No
Use Cost Centre for Job Costing	? No
More than ONE Payroll / Cost Category	? Yes
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

Gateway of Tally ....
Payroll Info.

Employee **Groups**
Employees

Units (Work)
Attendance/Production Types

Pay Heads

Salary Details

Voucher Types

Quit

See groups after Creations:
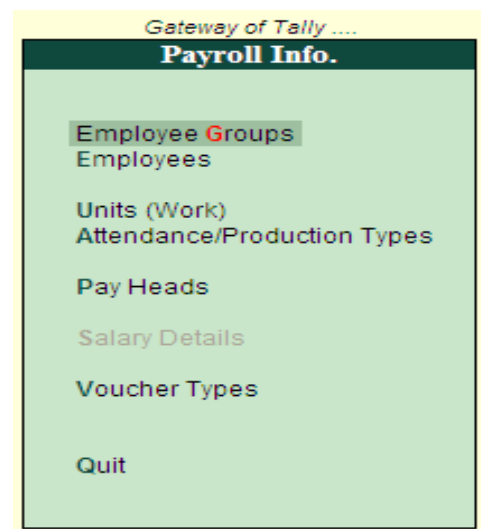
Create Employee List as per Employee Groups / Departments:

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

Employee List Creation in Tally ERP 9

Create Unit (Work) as per :

Day : for whole 8 hours

Hours : for Overtime

Unit (Work) Creation in Tally ERP 9

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

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

Pay Heads *Creation in Tally ERP 9*

EPF @ 12% Creation in Tally ERP 9

Create Salary Details in Tally ERP 9
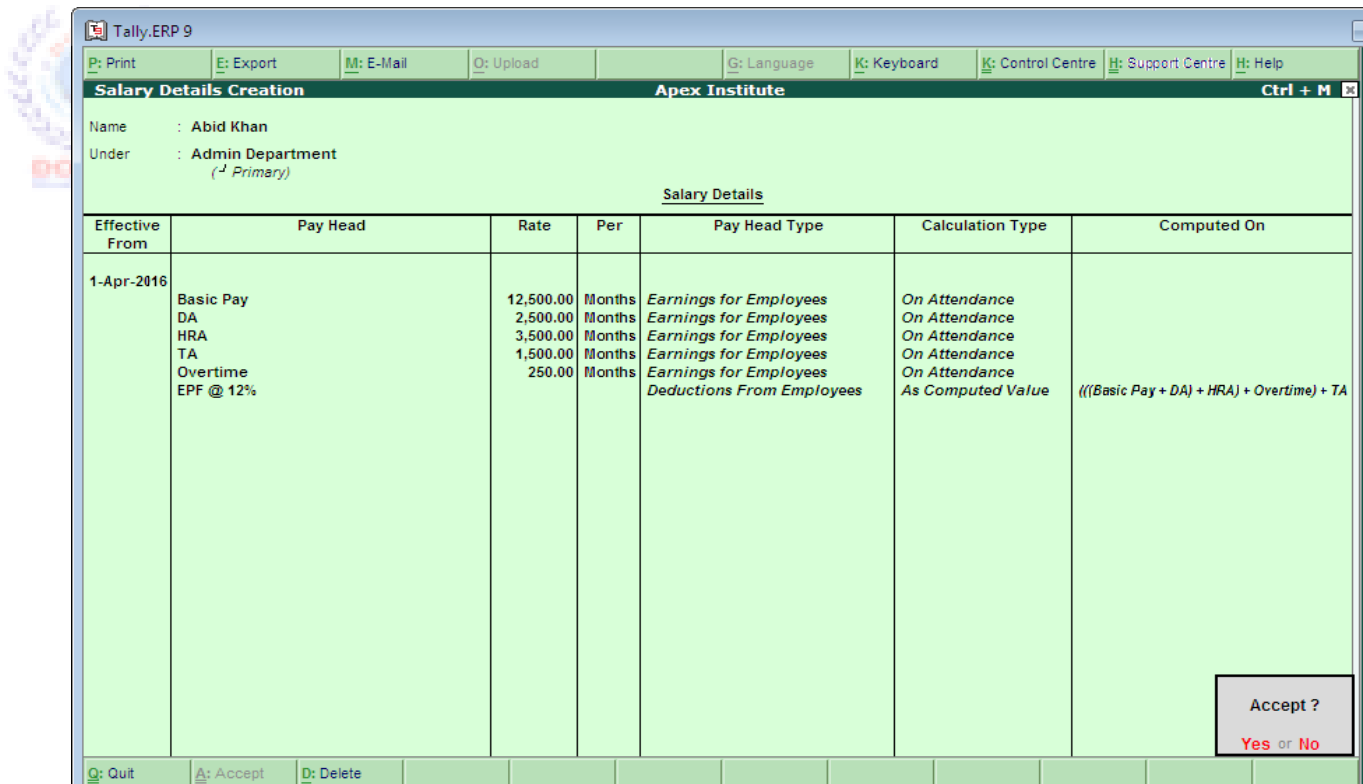
Edit Payroll Configurations in Tally ERP 9

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:

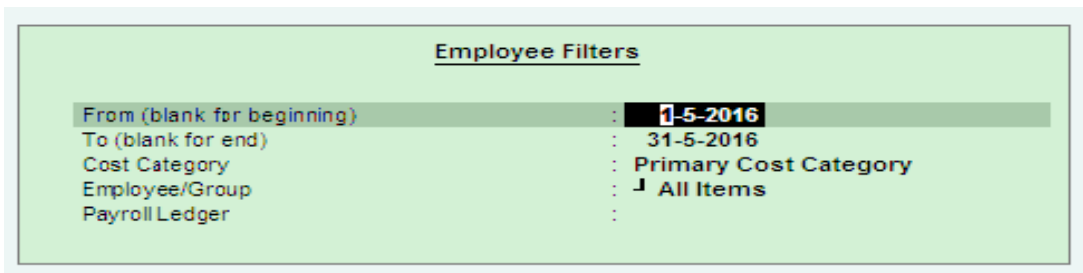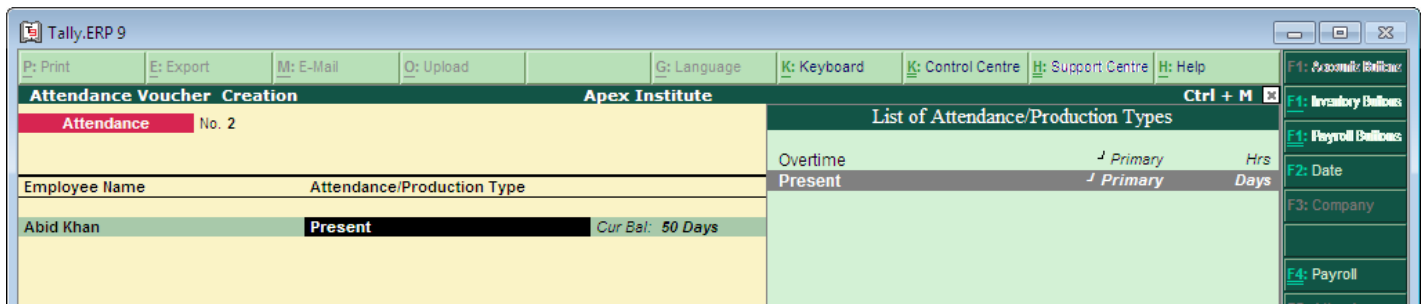## Create Payroll Vouchers in Tally ERP 9

Go to Gateway of Tally → Transaction → Payroll Vouchers

Now Select F5 → Attendance like as:
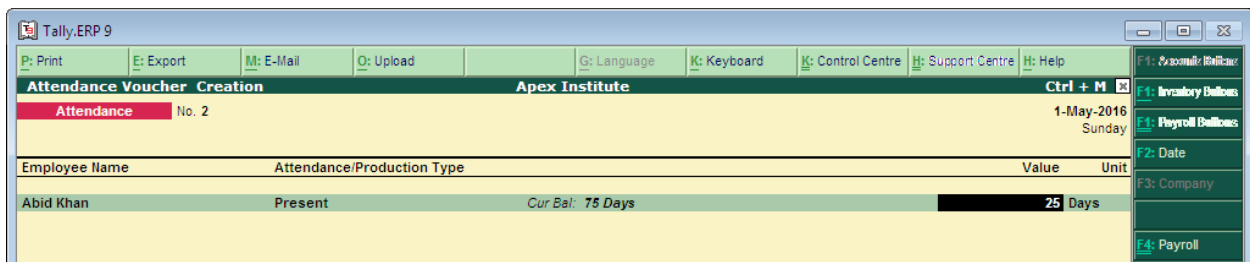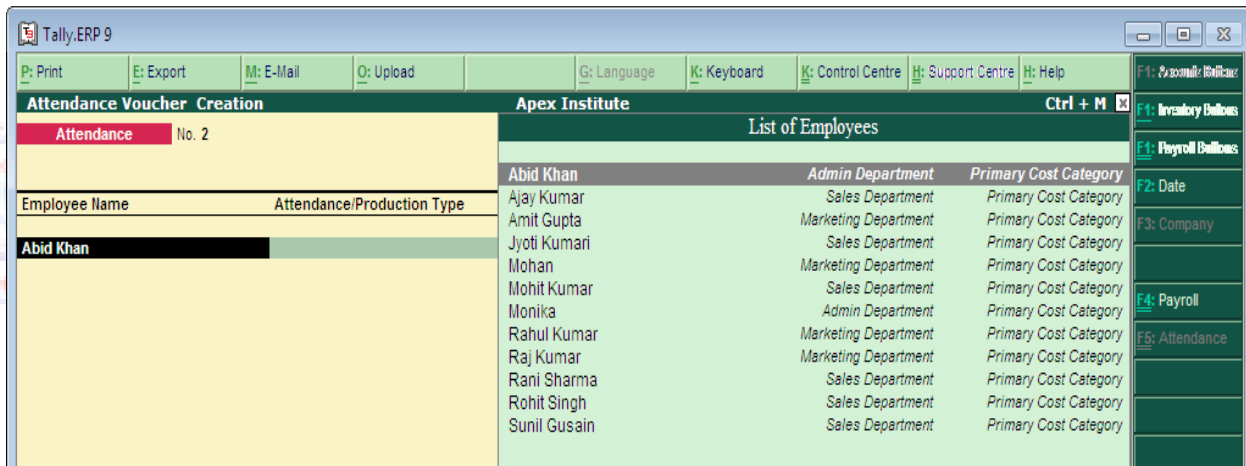
Now Click F4 → Payroll and Select Bank account in which bank you want to pay salary.

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

Now you can see the all Payroll Details like as: