

Labour Laws:

The Payment of Gratuity Act, 1972

Applicability:

All Industries/Commercial Establishments who are registered under Shops & Establishment Act or Factories Act.

Gratuity Formula:

Last Wage Drawn Divided by 26

Multiplied by 15 and the whole multiplied by no. of years Service.

Wage means whatever you are calculating for EPF purpose.

Eligibility: After completion of 5 years total service. (for this purpose 6 months and above can be rounded off to full years services and less than 6 months need not be.).

Pl remember, for eligibility, it is after 5 year service, but for payment, from the date of joining, the period will be taken into calculation.

In death case, this 5 year services is waived off that means, if an employee dies after completion of 3 year total service, his nominee is eligible to get 3 years Gratuity amount from the organisation.

Employer is to take Nomination Form as per rules from the employee concerned once he completes one year service from the date of joining.

Forfeiture or Deductions are allowable from the Gratuity amount as per provisions stipulated in the Act.