

FREE GUIDE

Payroll Compliance Checklist for Indian Businesses

Stay 100% compliant with PF, ESI, TDS, PT & Gratuity

Monthly · Quarterly · Annual · On-Boarding & Exit

50+

Actionable Checklist Items

5

Compliance Categories

3

Payroll Cycles Covered

Free

Audit Template Included

Who Needs This Checklist?

- ✓ HR Managers and Payroll Officers handling 10–500 employees
- ✓ Finance teams managing PF, ESI, TDS remittances in-house
- ✓ Startup founders and SME owners who outsource payroll but want oversight
- ✓ CA firms and HR consultancies onboarding new payroll clients

■ Monthly Payroll Checklist

Repeat every pay cycle — typically the last working week of the month.

- Salary Processing**
Calculate gross salary including basic, HRA, allowances, and any arrears for all active employees.
- Attendance & Leave Reconciliation**
Confirm attendance data from HRMS / bio-metric system; reconcile approved leaves, LOP, and overtime.
- PF Contribution Deduction (Employee 12%)**
Deduct employee PF @ 12% of basic + DA. Verify ceiling applicability (Rs 15,000 wage cap for EPFO).
- PF Contribution (Employer 12% split)**
Employer 3.67% to EPF, 8.33% to EPS (capped Rs 1,250). Additional 0.5% to EDLI + 1.10% admin charges.
- PF Challan & Remittance by 15th**
Generate ECR file, pay via EPFO Unified Portal. Deadline: 15th of following month.
- ESI Contribution Deduction (Employee 0.75%)**
Applicable to employees with gross salary <= Rs 21,000/month. Deduct employee share 0.75%.
- ESI Employer Contribution (3.25%)**
Employer ESI @ 3.25% of gross wages. Remit via ESIC portal by 15th of following month.
- Professional Tax (PT) Deduction**
Deduct PT as per state slab (Maharashtra, Karnataka, etc.). Vary by state; confirm current slabs.
- TDS Calculation on Salary (Section 192)**
Calculate TDS based on estimated annual income, declared investments (Form 12BB), and applicable tax regime.
- TDS Remittance (Challan 281) by 7th**
Pay TDS deducted during the month to IT Dept via Challan 281 by 7th of the following month.
- Payslip Generation & Distribution**
Issue digital/printed payslips to all employees by salary credit date. Include all heads and deductions.
- Salary Bank Transfer & Confirmation**
Upload salary file to bank; confirm NEFT/RTGS credits; retain bank confirmation for audit.
- New Joiner / Exited Employee Settlement**
Process prorated salary for joiners and full-and-final (FnF) for exited employees within the month.
- Advance & Loan Adjustments**
Deduct approved salary advances or loan EMIs as per records; update loan register.

■ Quarterly Compliance Checklist

Q1: Apr–Jun | Q2: Jul–Sep | Q3: Oct–Dec | Q4: Jan–Mar

- TDS Return Filing — Form 24Q (Q1: Jul 15 | Q2: Oct 15 | Q3: Jan 15 | Q4: May 31)**
File quarterly TDS return for salary deductions. Include all deductees, PAN, amounts.
- PF Annual Return — Form 6A (April filing for previous year)**
Reconcile monthly contributions; submit Form 6A through ECR after year-end.
- ESI Half-Yearly Return (Apr–Sep: Nov 12 | Oct–Mar: May 12)**
Submit ESI return for the half-year; verify all enrolled employee data matches portal.
- PT Return — State-Specific Periodicity**
File PT return quarterly or annually depending on state rules. Karnataka: quarterly; MH: annual.
- Bonus Provision Review**
Assess statutory bonus liability under Payment of Bonus Act (8.33%–20% of basic + DA) quarterly.
- Employee Declaration Review (Form 12BB updates)**
Collect updated investment proofs from employees; adjust TDS projection for remaining months.
- LWF (Labour Welfare Fund) Deduction**
Applicable in states like MH, KA, TN. Deduct and remit LWF for the period per state schedule.
- PF Reconciliation — ECR vs Ledger**
Match ECR-filed contributions against payroll register; resolve any discrepancies with EPFO.

■ Annual Compliance Checklist

Financial Year: April 1 to March 31. Start planning by February each year.

- Form 16 Issuance to Employees by June 15**
Part A: TDS certificate from TRACES. Part B: Employer-prepared salary breakup and deductions.
- Form 16A for TDS on Non-Salary Payments**
Issue for contractors, consultants, rent, professional fees deducted during the year.
- PF Annual Returns — Form 3A & 6A**
Submit individual employee contribution statement (3A) and consolidated return (6A) via EPFO portal.
- ESI Annual Return Filing**
Confirm total wages, contributions, and employee count for the full ESI year (Apr–Mar).
- Gratuity Actuarial Valuation (if > 10 employees)**
Obtain actuarial report for AS 15 / Ind AS 19 compliance; fund or provision gratuity liability.
- Gratuity Payment — Payment of Gratuity Act**
Settle gratuity within 30 days of eligibility trigger. Rate: $15/26 \times$ monthly salary \times years of service.
- Income Tax Projection Finalisation (Feb–Mar)**
Recalculate annual tax liability; collect final investment proofs; adjust TDS in last 2–3 months.
- Form 10C / 10D — PF Withdrawal Processing**
Assist employees claiming PF/EPS withdrawal or pension. Verify KYC is seeded; guide online claim.
- Professional Tax Annual Return**
File PT annual return and renew PT registration certificate as applicable in your state.
- CTC Revision & Letter Issuance**
Prepare revised CTC letters for appraisal cycle; update payroll master with new structure.
- LWF Annual Return**
Submit Labour Welfare Fund annual return and remit annual contribution where applicable.
- Payroll Audit — Internal / External**
Reconcile payroll for all 12 months: gross pay, deductions, net pay, bank credits, tax remittances.

Employee On-Boarding Checklist

Complete all items within 10 days of the employee's joining date.

- Form 11 — EPF Declaration**
Collect from every new employee. Mandatory for EPFO enrolment; confirm whether previously a PF member.
- Form 2 — PF Nomination**
Collect nominee details for EPF and EPS accounts. Mandatory for all new members.
- ESI Form 1 — Employer Declaration**
Register employee on ESIC portal within 10 days of joining if gross salary <= Rs 21,000.
- Pehchan Card / UAN Activation**
Generate or link UAN via EPFO Employer Portal. KYC seed: Aadhaar, PAN, Bank. Activate UAN.
- Form 12BB — Investment Declaration**
Collect at joining for TDS estimation; refresh at April start each financial year.
- Professional Tax Registration**
Enroll employee for PT in applicable states (MH, KA, TN, WB, etc.).
- Salary Account Opening**
Verify bank IFSC/MICR; confirm account is in employee's name for compliant NEFT/RTGS.
- Gratuity Nomination — Form F**
Collect gratuity nomination on Day 1; update if family status changes.
- Offer Letter, Appointment Letter, NDA**
Retain signed copies; essential for CTC structure proof during payroll and tax filing.

Employee Exit & Full & Final Checklist

Initiate FnF process on the last working day; target settlement within 45 days.

- Last Working Day Confirmation**
Confirm LWD; freeze attendance and stop statutory deductions from the following month.
- Full & Final (FnF) Settlement Calculation**
Include: prorated salary, earned leave encashment, gratuity, bonus, less: notice period shortfall, advances.
- PF Transfer / Withdrawal Processing**
Assist with Form 13 (transfer to new employer UAN) or Form 10C/19 (withdrawal). Verify KYC is seeded.
- ESI Clearance**
Inform ESIC of exit; issue ESI card or IP number for portability. Benefits valid 6 months post-exit.
- Form 16 Issuance for Part-Year**
Issue Form 16 for earnings during the financial year. Critical for ITR filing by the employee.
- Experience Letter & Relieving Letter**
Issue on or before LWD to avoid legal disputes. Include service period and designation.

No-Dues Clearance Certificate

Collect from all departments (IT assets, access cards, library, accounts) before FnF settlement.

Gratuity Payment (if \geq 5 years service)

Pay within 30 days of FnF. Penalty: simple interest @ 10% p.a. on delayed payment.

Quick Reference — Key Due Dates

Compliance	Frequency	Due Date	Authority
PF Challan	Monthly	15th of next month	EPFO
ESI Challan	Monthly	15th of next month	ESIC
TDS Remittance	Monthly	7th of next month	Income Tax
TDS Return 24Q	Quarterly	Q1:Jul15 Q2:Oct15 Q3:Jan15 Q4:May31	TRACES
PT Remittance	Monthly/Quarterly	State-specific	State Govt.
ESI Half-Yr Return	Half-Yearly	Nov 12 / May 12	ESIC
PF Annual Return	Annual	April (for prev. year)	EPFO
Form 16	Annual	June 15	Employer
Gratuity Payment	On Exit	Within 30 days	Employer
LWF	Monthly/Annual	State-specific	State Govt.

Stop Managing Payroll Manually — Automate It!

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Our Payroll & HR Solutions

- ◆ **Payroll Management Software**
Automated salary processing, slip generation, bank files — for 10–2,000 employees.
- ◆ **Statutory Compliance Module**
PF/ESI/TDS auto-calc, challan generation, ECR filing, Form 24Q integration.
- ◆ **HRMS & Leave Management**
Leave tracker, attendance integration, holiday calendar, manager approvals.
- ◆ **Custom ERP for SMEs**
Finance, inventory, HR in one platform — built for Indian compliance.
- ◆ **MicroSaaS & SaaS Products**
White-label payroll solutions for HR consultancies and CA firms.

Disclaimer: This checklist is for general guidance only and does not constitute legal or professional advice. Statutory requirements change — always verify due dates and rates with official EPFO, ESIC, and Income Tax portals. For professional payroll outsourcing or software, contact Tech Sakthi Solutions.

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