

Record Employer's ESI Contribution and ESI Payments (Payroll)

Employer's ESI Contribution

The Employees' State Insurance (ESI) scheme is a self-financing social security and health insurance scheme for Indian workers. The employer is required to contribute a certain percentage of the employee's wages towards this scheme. As of now, the employer's contribution rate is 3.25% of the wages.

Calculating Employer's ESI Contribution

To calculate the employer's ESI contribution, you need to determine the applicable wages and apply the contribution rate.

For example, if an employee's monthly wage is Rs. 15,000, the employer's ESI contribution would be calculated as follows:

Employer's ESI Contribution = Wages × ESI Rate

Employer's ESI Contribution = 15,000 × 3.25% = 487.50

Recording Employer's ESI Contribution in Tally ERP 9

Step-by-Step Guide:

1. Enable Payroll in Tally ERP 9:

- Go to Gateway of Tally > F11: Features > F1: Accounting Features.
- Set Maintain Payroll to Yes.
- Accept the screen.

2. Create Pay Head for Employer's ESI Contribution:

- Go to Gateway of Tally > Payroll Info. > Pay Heads > Create.
- Name: Employer's ESI Contribution.
- Pay Head Type: Employer's Statutory Contribution.
- Under: Current Liabilities.
- Affects Gross Salary: No.
- Type of Calculation: As Computed Value.
- Calculation Period: Months.
- Compute on: User Defined Value.
- Calculation Type: On Current Earnings.
- Effective Date: Provide the effective date.
- ESI Rate: 3.25% (or the applicable rate).

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- Rounding Method: Normal Rounding.
- Limit: None.
- Accept the screen.

3. Create Employee Masters:

- Go to Gateway of Tally > Payroll Info. > Employees > Create.
- Name: Employee Name (e.g., John Doe).
- Under: Employee Group (e.g., Sales Department).
- Designation: (e.g., Sales Executive).
- Date of Joining: Provide the date.
- ESI Number: Provide the ESI number.
- Accept the screen.

4. Define Salary Details:

- Go to Gateway of Tally > Payroll Info. > Salary Details > Create.
- Select Employee: John Doe.
- Define the Pay Heads: Basic Salary, Employer's ESI Contribution, etc.
- Enter the amount/details.
- Accept the screen.

5. Process Payroll:

- Go to Gateway of Tally > Payroll Vouchers.
- Select F2: Date and enter the payroll processing date.
- Press Alt + A for Auto Fill > Select Salary > Provide the required details.
- The payroll will automatically compute the Employer's ESI Contribution based on the defined rates.
- Accept the screen.

Employer's ESI Payments:

1. Create Ledger for ESI Contribution:

- Go to Gateway of Tally > Accounts Info. > Ledgers > Create.
- Name: ESI Contribution.
- Under: Current Liabilities.
- Accept the screen.

2. Record ESI Payments:

- Go to Gateway of Tally > Accounting Vouchers > F5: Payment.
- Select the Bank/Cash Ledger (e.g., Bank of India).



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- o Date: Provide the payment date.
- o Debit: ESI Contribution (amount will auto-fill based on payroll).
- o Credit: Bank/Cash Ledger.
- o Enter the details of the ESI payment reference (e.g., ESI Challan number).
- o Accept the screen.



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Payment Auto Fill

Process for	:	ESI Challan
From (blank for beginning)	:	1-4-2013
To (blank for end)	:	30-4-2013
Voucher Date	:	30-4-2013
Employee Category	:	Primary Cost Category
Employee/Group	:	All Items
Bank / Cash Ledger	:	HDFC Bank
Payroll Ledger	:	ESI Payable

Payment Details

Cheque / DD No	:	23434
Cheque / DD Date	:	30-Apr-2013
Bank & Branch Code	:	HDFC Bank, JP Nagar
BSR Code	:	510137
Challan Date	:	30-Apr-2013
Challan Number	:	232343

(Note : All the Above Details Will Be Used in Challan, Forms & Returns)



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Accounting Voucher Creation		ABC Company	Ctrl + M
Payment	No. 3		30-Apr-2013 Tuesday
Account : HDFC Bank		Payroll autofill (ESI challan)	
Cur Bal: 1,28,43,242.00 Dr			
Particulars		Amount	
ESI Payable		686.00	
Cur Bal: 0.00 Dr			
Primary Cost Category			
Employee A			
Employee B	686.00 Dr		
Employee C			
Employee D			
Employee Q			
Employees' ESI Deduction @ 1.75%		253.00	
Cur Bal: 0.00 Dr			
Primary Cost Category			
Employee A			
Employee B	253.00 Dr		
Employee C			
Employee D			
Employee Q			
Provide Details	: Yes		
Narration:			
Ch. No. : 23434			
		<input type="button" value="Accept ?"/>	
		<input type="button" value="Yes"/> <input type="button" value="No"/>	

