1. **ESIC**

A Notification has been issued by Employees’ State Insurance Corporation (ESIC) Authorities [increasing the wage limit of employee covered under the ESIC scheme](http://www.newindianexpress.com/states/karnataka/2016/dec/30/wage-limit-for-esic-enhanced-1554432.html) from the existing limit of Rs.15, 000 to Rs.21, 000 with effect from January 1st, 2017. The new move aims to bring about 50 lakh workers under the ESIC social security scheme and bring affordable healthcare to not just employees but also their dependent family members.

1. **Gratuity**

To be eligible for gratuity under the Gratuity Act, an employee needs to have at least five full years of service with the current employer, except in the event that an employee passes away or is rendered disabled due to accident or illness, in which case gratuity must be paid.

Gratuity is paid when an employee:

* Is eligible for superannuation;
* Retires;
* Resigns; or
* Passes away or is rendered disabled due to accident or illness (if an employee passes away, gratuity will be paid to the employee’s nominee).

Gratuity Calculation Formula

Gratuity in India is calculated using the formula:

*Gratuity = Last Drawn Salary × 15/26 × No. of Years of Service*

Notes:

* The ratio 15/26 represents 15 days out of 26 working days in a month.
* Last drawn salary = Basic Salary + Dearness Allowance.
* Years of Service are rounded down to the nearest full year. For example, if the

employee has a total service of 20 years, 10 months and 25 days, 21 years will

be factored into the calculation.

1. **Provident fund**

If your monthly basic salary is less than Rs. 15,000, you have you contribute to EPF, else it is voluntary. If the PF wage of an employee is more than Rs 15,000 per month, the minimum mandatory PF contribution (and deduction) shall be Rs 1,800 per month (12% of Rs 15,000). Equal contribution from employer and employee

1. **Professional Tax**

In case of salaried professionals, professional tax is deducted by employers. They deduct it and deposit the total amount with the municipal corporation. Non-salaried individuals can pay it directly to the government via local officials appointed to collect tax. Also, they can pay it online.