CHAPTER 09 · COMPLIANCE MANUAL · 2024 EDITION

BONUS (Payment of Bonus Act, 1965)

*This chapter is an extract from **The RST Compliance Manual**, a regulator-mapped reference for Indian business entities curated by the partners of R S T & Co.*

The Payment of Bonus Act, 1965 provides for the payment of bonus to persons employed in certain establishments on the basis of profits or on the basis of production or productivity and matters connected there with.

9.1 Applicability

Particulars	Criteria
Factory with aid of power	10 or more employees
Establishment without aid of power	20 or more employees

*Condition is considered to be satisfied if the specified numbers of employees are appointed on any day during an accounting year.

Compliances

9.2.1 Eligibility of Bonus

An employee will be entitled only when he has worked for **30 working days** in that specific year (Section 8)

Employees drawing wages Rs. 10,000 or less p.m. However, wages is limited to Rs. 3,500 for the purpose of calculation.

Components of Bonus: Salary includes Dearness allowance but no other allowance.

Rate: 8.33% of salary or Rs. 100, however is higher.

Time limit: Within 8 months from close of accounting year (Section 19).

Return: Form-D to be filed to inspector within 30 days from expiry of time limit given as per Section 19.

9.2.2 Maintenance of Records

Register showing computation of Allocable surplus in Form-A.

Register showing set on and set off of the allocable surplus in Form-B.

Register showing details of amount of bonus due to each employee, deductions u/s 17 & 18 and amount actually disbursed in Form-C.

9.2.3 Consequences of Default

Contravention of any provision of the Act attracts a penalty of up to Rs. 1,000 or upto 6 months imprisonment.

NOTES

***End of Chapter.** For the complete Compliance Manual, additional chapters, or a tailored briefing for your finance and compliance teams, contact **info@rstandco.co.in**.*