

FAQS

Under the Payment of Gratuity Act, 1972

[Blog Series – 106](#) [December 25, 2020](#) [Statutory other than PoSH – Vol.53](#)

1. Is employee required to Contribute to Gratuity (like PF)?

No, not required.

2. Is there an eligibility criterion to avail Gratuity?

- a) For Resignation, Retirement/Superannuation, Discharge etc. it is 5 years (4 years 240 days in few States)
- b) For Death and Permanent Disablement – No term.

3. What is Disablement?

Disablement is defined as – “such disablement as incapacitates an employee for the work which he/she, was capable of performing before the accident or disease resulting in such disablement.”

4. If an employee is engaged after 58 years or continues to work after 58 years, is he/she is eligible for Gratuity?

Yes.

5. What happens, if one of the nominees is Minor?

In case if the Nominee is a minor, the share of such minor, shall be deposited with the controlling authority (labor dept) who shall invest the same for the benefit of such minor in such bank or other financial institution, as may be prescribed, until such minor attains majority.

6. What is one year in computation for Gratuity?

If there are any balance months in excess of 6 months, then another year is added.

7. Can Gratuity be withdrawn during the employment of an individual?

No. Gratuity is paid only when you meet the eligibility criteria

8. Is there any interest accrued for the Gratuity amount similar to PF?

No. Gratuity amount does not accrue any interest

9. If Gratuity is disbursed, such amount is mentioned in a single Form 16 along with other payment for the FY or a separate Form 16 is issued?

Usually it should be a Separate Form 16

10. What is the due date for disbursement of Gratuity?

It is 30 days from the date of such effective separation date

11. When interest is payable on unpaid Gratuity?

Interest is payable if the Gratuity is paid after 30 days and the delay caused is by the Employer.

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