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Weekly Newsletter

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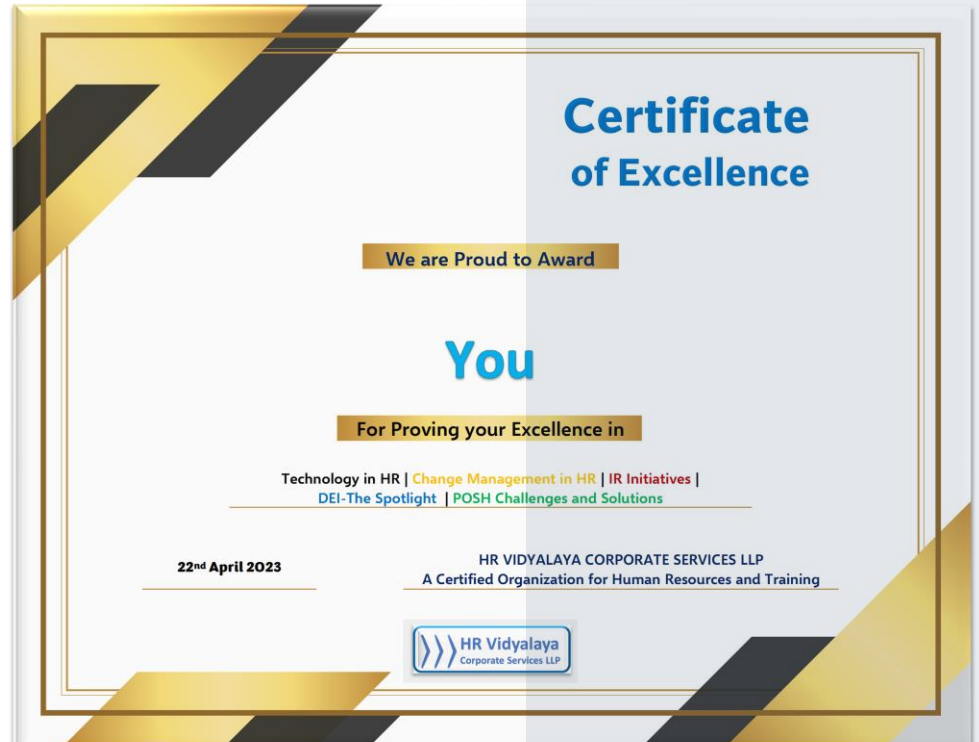
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THE INSIGHT

HR VIDYALAYA CORPORATE SERVICES LLP

Dear HR Professionals,
Organizations,
HR Students
An Opportunity to prove
your competency in HR
Trends to the Industry....
Register, Participate, get
Certified and a chance to
Win Award

Stamp your Name!



What is in store, from 1st April 2023

- New Tax Regime is the Default Regime from the new FY (2023-24). And the Tax rebate is available till 7 Lakhs for New Tax Regime.
- Amend your Payroll for Karnataka Branches – for PT eligibility (effective April 2024, the exemption is upto 25,000 per month)
- New Tax Regime is the Default Regime for this FY onwards
- Effective April 2023, entire Chennai, Chengalpattu, Kanchipuram, Tiruvallur, Villupuram, Tiruppur and Tiruvannamalai districts in TN are covered under ESIC.
- Leave Encashment without Tax is enhanced to 25 Lakhs
- Proceeds from life insurance premium over the annual premium of ₹5 lakh would be taxable

Other fresh updates:

- Member Profile page in Unified PF Member Portal is updated. Kindly check for all details, including KYC.
- EPFO has kept the Interest rate to 8.15 (from current 8.1) for FY 2022-23 ... Finance Ministry to approve

WHAT'S IS INSIDE....

1. AskSri
2. Income Tax special
3. What is compliance requirement under the Payment of Gratuity Act, 1972?

DISCLAIMER

The views and opinions expressed herein, are in no way to be considered legal or consultative advice. The thoughts merely represent the respective author's opinion and for information purpose only. It cannot be treated as Legal Advice. Neither the Author nor HR Vidyalaya Corporate Services LLP makes any representation or warranties on the information published

Dear "The Insight" Readers,

We launched "AskSree" column to answer your questions regarding Work Life.



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Renowned Organizational Psychologist, **Gayathri Sridharan** uses psychological research to answer your everyday dilemmas. She received her training from Loughborough University, UK, and a thorough HR professional with almost a decade of praxis in various realms of Strategic Human Resource Management. You may please send your queries to the email ID: itsmegayathiri@gmail.com

Solutions will be published in "The Insight."

Quest

Dear Sree,

I am an entrepreneur from Bangalore. I started my company with 7 members in 2019.

The demands for our services have doubled in the market and now I am thinking for expanding our business by hiring more workforce. Due to space constraints, I am planning for hiring on "Work From Anywhere Basis". However, still have doubt whether it will affect the overall productivity. Could you please advise?

– Bala

Solution

Dear Bala,

Naresh Khatri, an associate professor of health management and informatics in the School of Medicine at the University of Missouri, who has published more than 60 research articles and book chapters about organizational structure and management said that offering remote work as an option to employees can serve as a powerful recruitment tool and one that can be easily implemented by organizations with the right resources.

Khatri analyzed several studies and found companies with effective HR and IT departments became even stronger when employees were allowed to work from anywhere because the option offered more flexibility. The end result showed that work completed by employees from home was not statistically different from work produced by employees in the office. In fact, no matter where they were working, employees were able to complete collaborative tasks with a similar level of quality and quantity.

Research also shows that HR offices that continuously explore new ways to implement innovative practices to inspire employees tend to have more success in creating favorable mindset and attitudes in their employees, which Khatri said could help prevent burnout and uncover best practices for individual employees.

So, Bala, if you have supporting the HR policies and practices and IT resources, you can definitely hire employees on "Work From Anywhere Basis".

Reference/s: Manish Gupta, Priyanko Guchait, Ofra Shoham-Bazel, Naresh Khatri, Vijay Pereira, Shlomo Tarba, Arup Varma. Guest editorial: Work from anywhere: implications for employees and organizations. *Personnel Review*, 2022; 51 (8): 1861 DOI: [10.1108/PR-11-2022-913](https://doi.org/10.1108/PR-11-2022-913)

Income – basic features

While understanding the concept of income, one should remember the following features, which can help identify whether it is income or not:

1. **Definite Source:** Income has been compared with a fruit of a tree or a crop from the field. Fruit comes from a tree and crop from fields.

Thus the source of income is definite in both cases. The existence of a source for income is somewhat essential to bring a receipt under the charge of tax.

2. **Income must come from Outside:** No one can earn income from himself. There can be no income from transaction between head office and branch office.

Contributions made by members for the mutual benefit and found surplus cannot be termed as income of such group.

3. **Tainted Income:** Income earned legally or illegally remains income and it will be taxed according to the provisions of the Act. Assessment of illegal income of a person does not grant him immunity from the applicability of the provisions of other Act.

Any expenditure incurred to earn such illegal income is allowed to be deducted out of such income only.

4. **Temporary or Permanent:** Whether the income is permanent or temporary, it is immaterial from the tax point of view.
5. **Voluntary Receipt:** The receipts which do not arise from the exercise of a profession or business or do not amount to remuneration and are made for reasons purely of personal nature are not included in the scope of total income.
6. **Dispute regarding the Title:** In case a person is receiving some income but his title to such receipts is disputed, it will not free him from tax liability.

The receipt of such income has to pay tax.

7. **Income in Money or Money's worth:** The income may be in Cash or in kind. It is taxable in both cases.



As per Section 2(24) of Income Tax Act, 1961, “Income includes “ :

- HR-V **Profit and Gains** : For instance, Profit generated by a businessman
- HR-V **Dividend** : For instance, “Dividend” declared/paid by a company to a shareholders is taxable as “income” in the hands of shareholders .
- HR-V **Voluntary contribution received by a Trust** : In the hands of a Trust, income includes voluntary contributions received by it. Any such contribution received:
 - by a trust created wholly or partly for charitable or religious purpose ; or
 - by a scientific research association ; or
 - by any fund or institution established for charitable purposes ; or
 - by any university or other educational institutions or hospital.

Examples

- HR-V A public charitable trust receives a sum of Rs.3 lakhs as voluntary contribution from a business establishment. Such contribution would be included in the income of the Trust
- HR-V If I as an employee get a Rent free house by my employer, which is apart from my monthly salary, the value of such perquisites is “income” in my hands.
- HR-V Any Special Allowance or Benefit (for eg. Conveyance allowance, Asset & Attire Allowance, Books and Periodicals allowance) given to me (I being an Assessee) to meet the expenses exclusively, wholly and necessarily for the duties performed by me for my employment is treated as an income
- HR-V I have a house property. I disposed it off and the consideration is called as Capital Profit which is treated as Income.
- HR-V I got prize from Lottery, Puzzles or Race or any other games or gambling or betting also is considered as an Income.
- HR-V I as an Assessee, receives a sum on account of Employer’s contribution to PF, Superannuation fund or any other similar fund for the welfare of the employees, will be treated as an Income.
- HR-V If I as an Assessee, receives any amount exceeding Rs.50,000 by way of Gift will be considered as an Income.



Every assessee is a 'person', but every person need not be an 'assessee'

As per Section 2(7) of Income Tax Act, 1961, " assessee" means a person by whom any tax or any other sum of money is payable under this Act, and includes-

(a) every person in respect of whom any proceeding under this Act has been taken for the assessment of his income or of the income of any other person in respect of which he is assessable, or of the loss sustained by him or by such other person, or of the amount of refund due to him or to such other person;

(b) every person who is deemed to be an assessee under any provision of this Act; (a person who is treated as an assessee. This would include the legal representative of a deceased person or the legal guardian of minor if minor is taxable separately.)

(c) every person who is deemed to be an assessee in default under any provision of this Act; (A person is said to be an assessee in default if he fails to comply with the duties imposed upon him under the Income-tax Act. For example: a person, paying interest to another person, is responsible for deducting tax at source on this amount and to deposit the tax with the Government. If he fails in either of these duties i.e., if he does not deduct the tax, or deducts the tax but does not deposit it with the Government, he shall be deemed to be an assessee in default.)

INCOME TAX

Examples:

1. If I being a person earns a total income of Rs.2,40,000 in a financial year, I am not required to be an assessee as the income tax exemption is upto Rs.2,50,000.
2. Though my total annual income is Rs.1,50,000.00, if I as a person who had to deduct tax for the salary paid to anyone else, shall be deemed to be as Assessee..
3. My income is less than the taxable limit, but if I file return to claim the refund of tax deducted by someone, I will be called as an Assessee...

What the Labour Authority or External Assessment team will look for Compliance under The Payment of Gratuity Act, 1972?

(Section wise compliance list)

Section 4(1)	<p>Payment of Gratuity on rendering a “Continuous Service” of 5 years (or 4 years 240 days in select States), upon any of the following Separation</p> <ol style="list-style-type: none"> 1. Superannuation 2. Resignation <p>For (a) Unfortunate Demise of the employee or</p> <p>(b) Permanent Disablement (such disablement incapacitates the employee in performing the work he/she was capable of performing before such disablement) the Gratuity is payable even if the continuous services is less than the period mentioned above.</p>
Section 4(2)	<p>For every completed year of service or part thereof in excess of six months, the employer shall pay gratuity to an employee at the rate of fifteen days' wages based on the rate of wages last drawn by the employee concerned</p>
Section 4 a	<p>Where ever the Appropriate Government has notified, the Employer has to obtain an Insurance, as prescribed</p>
Section 6(7)	<p>Safe custody of Nomination Forms</p>
Section 7	<ul style="list-style-type: none"> • Determine the gratuity and send notice to the eligible employee and the Authority • Pay Simple Interest for delayed Gratuity Payment (i.e. after 30 days of such separation) <p>To deposit such amount of gratuity with Authority, in case of disputes</p>
Others	<ul style="list-style-type: none"> • Form A – Submission & Display of Notice of Opening • Form B – Submission & Display of Changes (if any) • Display of Notice, Abstract of Act and Rules

HR Excellence Award

5 Trends

Chennai

22 April 2023

Technology in Human Resources

IR Initiatives

Change Management in HR

DEI in Organization – Spotlight

POSH – Challenges & Solutions

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HR Operations
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Health Check, Investigations



@ your worksite @ affordable cost

PRE-EMPLOYMENT CHECKS

A Comprehensive Health Check for
All
On Reference from Employer



PERIODICAL HEALTH CHECKS

@ worksite

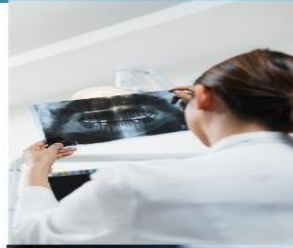
Specific Employees



Impeccable Quality on
Investigation results



Value add - Recommendations if
requested by Employer



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Healthcare @ Affordable Cost



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3. PHYSIOTHERAPY
4. ROOMS @ AFFORDABLE COST



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