GUIDELINE REGARDING INCOME TAX CALCULATION & IMPLEMENTATION

It is please to inform all the payroll users that Wapda Payroll System has now complete feature of income tax payroll processing.

Following are the main areas to be used for the calculation/implement of income tax in Payroll System.

1.   Income tax calculation (Repeatable)

2.   Income tax report

3.   Transactions (if applicable)

4.   Income tax calculation (Final)

Note: Before starting of income tax it is to make sure that all the other allowances & deductions has been made in payroll master file & no changes are pending in salary except income tax.

1.   INCOME TAX CALCULATION (Repeatable)

This is the first step of Income Tax Calculation procedure:
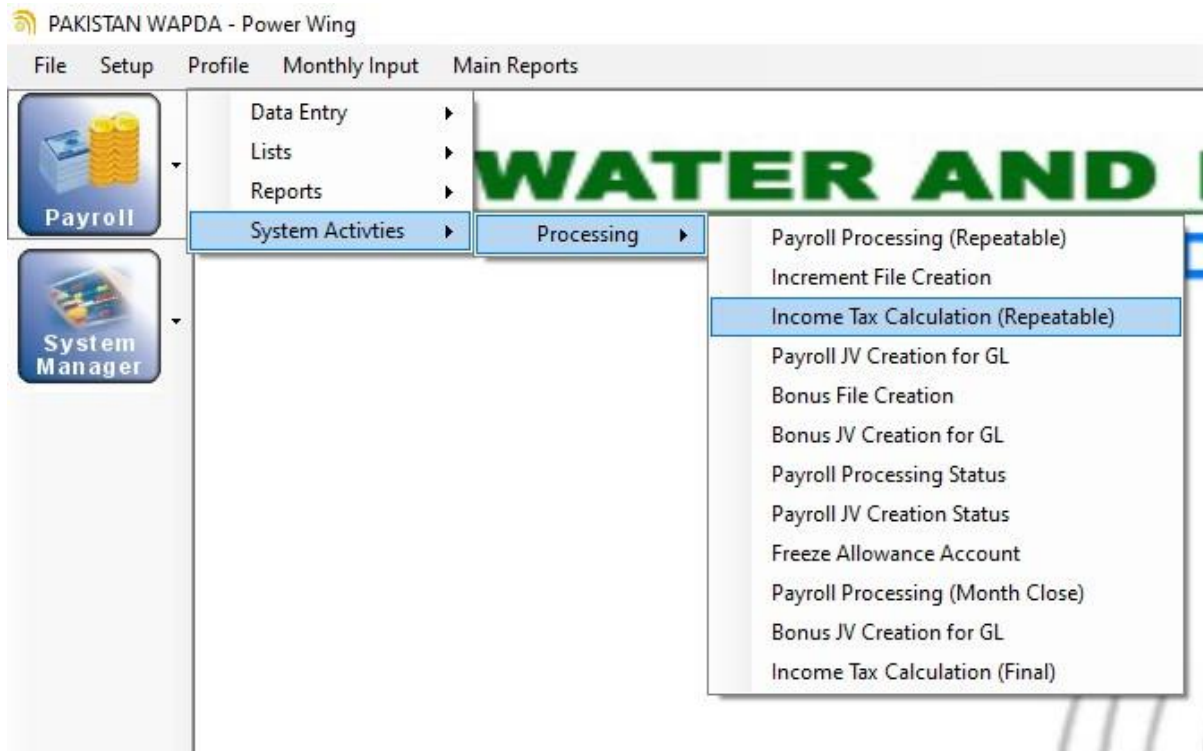
The options of Income tax calculation (repeatable) will be allocated in system activity & then processing as shown in the picture.

This option will be used to calculate the income tax for the salary of the relevant month. It is to make sure that all the salary repeatable are completed before starting of the income tax calculation (repeatable).

After clicking on the income tax repeatable following parameter form will be shown to calculate the income tax.

2. INCOME TAX REPORT

This is the second step of the income tax calculation procedures after the completion of step-I (i.e.) income tax repeatable. The user will generate the report of the calculated income tax as shown below.
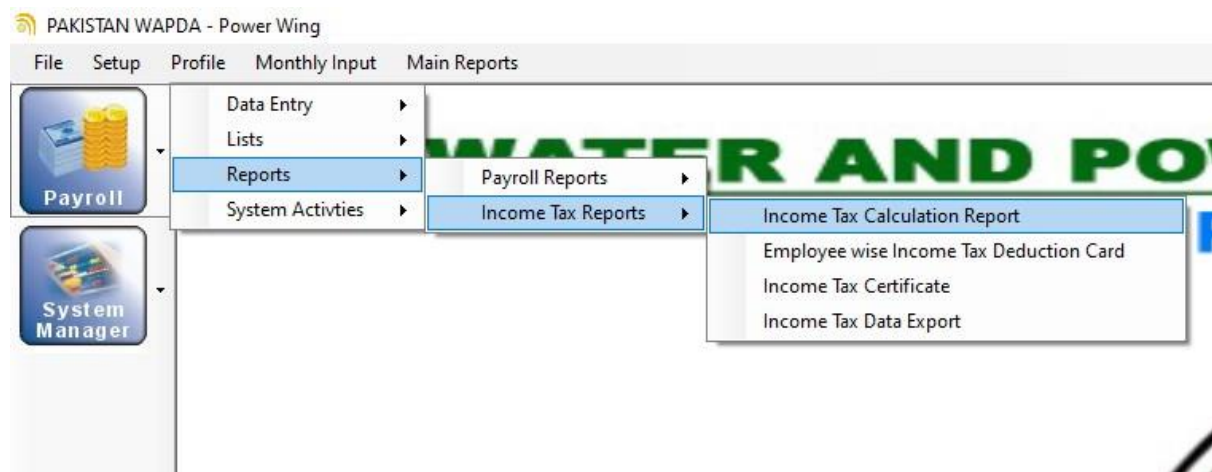
The report will be generated from report section then income tax report section & then click on income tax calculation report.

The format of the report will be as under:

The format of the above report will show the whole calculation of all employees. It is to point out that the net deduction in report must be in positive amount. If it shows a negative amount of any employee then the income tax final procedure will not work until the removal of negative amount. If all the net deductions are OK for all employees, then user will go to step-IV directly and if not, then the user may use step-III subject to the requirement.

3.   TRANSACTIONS (if applicable)

This is the third step of income tax procedure & is only applicable/used if required by the user for specific employee/s. This option will be available in transaction column in data entry as picture below:
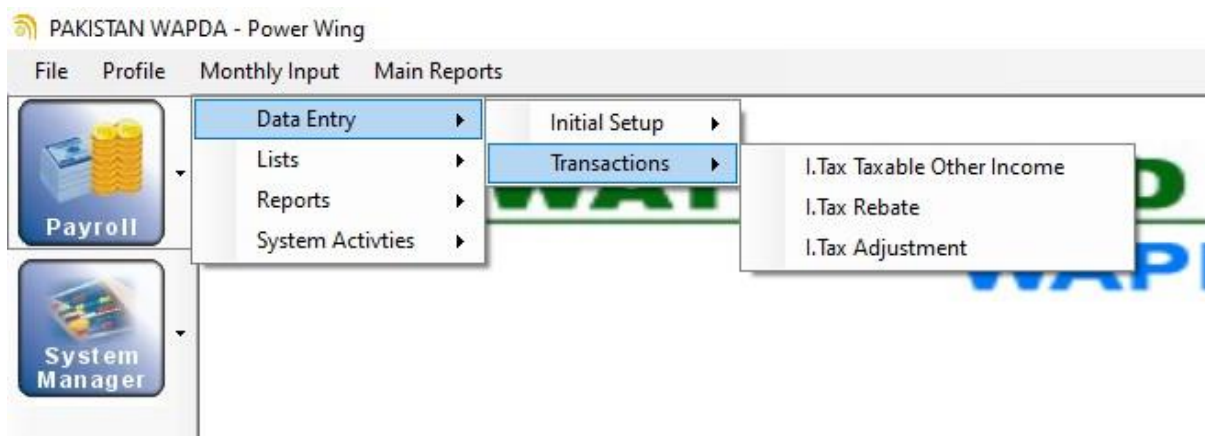
There are three parts of transaction section:

(i)   Income Tax Taxable Other Income

(ii)   Income Tax Rebate

(iii)   Income Tax Adjustment

(i) Income Tax Taxable Other Income

This section is use to add the other income of the employee which was not paid through payroll module. For example, if some one gets arrear of amount five lac and paid through manual bill then the amount of five lac will be added in other income of that employee to increase the income tax calculation amount. (This will not affect the salary of the employee in the payroll module).

(ii) Income Tax Rebate

This section is use to add the rebate amount which was paid as an advance tax for the purchase of property/car or as a withholding tax like mobile phone recharge etc.

It is here to point out that rebate amount must be less than or equal to the monthly income tax of the employee and if it will be added more than the monthly tax than this will affect the employee's tax to negative amount which will be problematic in finalization of income tax.

For example, if an employee submits the rebate amount of Rs.50,000/- & his monthly tax is Rs.10,000/- then user will add maximum Rs.10,000/- of the rebate amount in each month of upto five months.

(iii) Income Tax Adjustment

This section is use to decrease the income from tax calculation. In simple words it is the opposite of **income tax taxable other income**.

For example, if an employee submits an application that he is not availing free supply units, so in this case his free supply amount will be added in this section to decrease the income tax calculation amount.

Note: It is to mention here that if step-III is used for any purpose then user must repeat Step-I for recalculation of tax.

4. INCOME TAX CALCULATION (Final)

This section is the fourth & last step of income tax calculation procedure. If income tax calculation has been completed and satisfied then user will use this step to inject the calculated amount (shown in report) in payroll master file of each employee through this step. After finalization of calculation step the income tax calculation repeatable will not work for the relevant month.

After the step-IV the user will only have to process the payroll processing repeatable for only one time and then close the month immediately.

We hope that this guide line will help you in income tax calculation any further queries may be submitted on help desk portal.

Regards
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