

Payment of Bonus Act

Applicability

To every Factory and
Other establishment in which 20 or more persons
are employed on any day during an accounting
year.

If the Military Engineering Services is having a factory the Act will become applicable to the extent of employees employed in the Factory only.

Applicability

For new factory or establishment the Bonus becomes payable only if the factory or establishment makes profit during the first five years. After 5 years irrespective of profit or loss Bonus will become payable to employees.

Minimum Bonus : 8.33%

Maximum Bonus : 20%

Of the annual wages earned.

To whom it is applicable

Section 2 Clause 13

employee” means any person (other than an apprentice) employed on a salary or wages not exceeding ***Twenty One Thousand*** per mensem in any industry to do any skilled or unskilled manual, supervisory, managerial, administrative, technical or clerical work for hire or reward, whether the terms of employment be express or implied;

Section 12 Calculation of bonus

- Where the salary or wage of an employee exceeds ***Seven Thousand or the minimum wage for the scheduled employment as fixed by the appropriate Government, whichever is higher*** per mensem, the bonus payable to such employees under section 10 or as the case may be, under section 11, shall be calculated as if his salary or wage were ***Seven Thousand or the minimum wage for the scheduled employment as fixed by the appropriate Government, whichever is higher*** per mensem.

Section 12 Calculation of bonus

Explanation :

- For the purpose of this section, the expression “scheduled employment” shall have the meaning as assigned to it in clause (g) of section 2 of the Minimum Wages Act, 1948.

Minimum Wages Act :

- “Scheduled employment” means an employment specified in the schedule or any process or any branch of work forming part of such employment;

Section 17 Adjustments of customary or interim bonus against bonus payable under the Act

- Where in any accounting year an employer has paid any puja bonus or customary bonus to an employee or an advance against bonus has been paid, the same can be adjusted against the bonus payable under the Payment of Bonus Act.
- Hence earlier paid bonus or ex-gratia can be adjusted against the payment due under the amended Bonus Act.

Section 2(21) Salary or Wages

- “Salary or Wages” means all remuneration (other than remuneration in respect of over-time work) capable of being expressed in terms of money, which would, if the terms of employment, express or implied, were fulfilled, be payable to an employee in respect of his employment or of work done in such employment and includes dearness allowance (that is to say, all cash payments, by whatever name called, paid to an employee on account of a rise in the cost of living), but does not include –
- Any other allowance which the employee is for the time being entitled to;
- ...