

The Payment of Bonus Act, 1965 is an important piece of legislation in India that aims to provide for the payment of bonus to employees in certain establishments.

The act covers both the private and public sectors and is applicable to organizations that meet specific criteria.

The Salient Features Of The Payment Of Bonus Act, 1965:

1. **Applicability:** The act is applicable to establishments that employ 20 or more employees during the accounting year. It covers all employees, including contract workers, who have worked for at least 30 days in the accounting year.
2. **Eligibility Criteria:** To be eligible for bonus payment, an employee should have worked for at least 30 working days during the accounting year.
3. **Computation of Bonus:** The bonus payable to eligible employees is calculated based on the salary or wage earned during the accounting year. The formula for calculating bonus is specified in the act.
4. **Maximum Bonus:** The maximum bonus payable to an employee is 20% of the salary or wage earned during the accounting year.
5. **Minimum Bonus:** Even if the establishment incurs a loss during the accounting year, it must pay a minimum bonus of 8.33% of the salary or wage earned by the employee during the year.

Discuss salient features of Payment of Bonus Act, 1965 ?

6. Time Limit for Payment: The employer is required to pay the bonus within eight months from the close of the accounting year. If the employer fails to do so, the employer is liable to pay interest on the bonus amount.
7. Settlement of Disputes: The act provides for the settlement of disputes related to bonus payments through the Labor Commissioner or the Industrial Tribunal.
8. Exemptions: Certain establishments and employees, such as those in the banking and insurance sectors, are exempted from the provisions of the Payment of Bonus Act.
9. Maintenance of Records: Employers are required to maintain records related to the computation and payment of bonus for inspection by the authorities.
10. Annual Returns: Employers need to submit an annual return to the appropriate authority, providing details of the bonus paid to employees during the accounting year.