

HR Bonus Payout Checklist

Statutory bonus under the Code on Wages, in the order the work is done: eligibility, calculation, approval, payment and the records.
Built on the August 2026 notifications.

Updated October 2026 8 Pages

What's Inside

01 Before you start

02 Eligibility

03 Calculation

04 Approval

05 Payment by the deadline

06 Register and return

₹21,000

To qualify

S.O. 4711(E), 25-Aug-2026

₹7,000

Or minimum wage

S.O. 4710(E), 25-Aug-2026

30-Nov-2026

Into the bank

For 2025-26, under s.39(1)

Tick each item when it is done. Items marked 'Per employee' are done in your bonus sheet, not once for the firm. Write N/A beside an 'If' item that does not apply to you.

Do this first

Changing anything from last year's festival payment, such as cutting it, renaming it or starting to adjust it? Workers get twenty-one days' notice first under section 40 of the Industrial Relations Code. For a payout in early November that means mid-October.

Central or State sphere?

It decides whose figures and forms apply. You are Central only if you are a Central Government body, railway, mine, oil field, major port, airline, telecom company, bank, insurer, central public sector undertaking, or a contractor to one. Everyone else, including private hospitals, factories, IT firms and shops, is State sphere and uses the same ₹21,000 and ₹7,000 with the State's minimum wage, unless the State notifies its own.

Six words this checklist uses

Code wages	Basic, DA and retaining allowance, plus any excluded pay above half of total pay (s.2(y)).
Available surplus	Gross profit less depreciation, direct tax and the other sums the Code allows (s.33, s.34).
Allocable surplus	67% of that, or 60% for a bank: the pot bonus comes from (s.31).
Set-on, set-off	Surplus too large for the 20% cap, or too small for 8.33%, carried into the next four years (s.36).
Inspector-cum-Facilitator	The labour inspector under the Codes.
Form XVII	The Central annual return; section H reports bonus paid.

02 Eligibility

Does the Chapter reach you, and who inside it

Bonus moved from the Payment of Bonus Act, 1965, repealed on 21-Nov-2025, into Chapter IV of the Code on Wages, 2019. Two questions come before any arithmetic: is the establishment inside the Chapter, and which employees are.

The establishment

☐ **Count heads on your busiest day of 2025–26: twenty or more means you are covered**

Count the busiest day, not the average. The 1965 Act also reached every factory under the Factories Act, from ten workers; the Code does not.

Code on Wages, s.41(2)

☐ **Check you are not an excluded employer; if you are, stop here**

Among them: LIC, the RBI, government departments, educational institutions, non-profit hospitals. A private hospital run for profit is covered.

Code on Wages, s.40, s.41(1)

☐ **Decide your sphere: Central or State (see Before you start)**

Central: the Centre's establishments, railways, mines, oil fields, major ports, air transport, telecom, banks, insurers, Central Act bodies, CPSUs, Central autonomous bodies and their contractors. The rest are State.

Code on Wages, s.2(d)

☐ **If you are in your first five years, check the profit rule**

First five years after it begins to sell: bonus only for a year it derives profit.

Code on Wages, s.26(6)

The employee

☐ **Per employee: mark everyone whose wages were ₹21,000 a month or less**

Code wages, not CTC or basic alone. State sphere: carried forward by s.69(2), on this checklist's reading.

s.26(1); S.O. 4711(E), 25-Aug-2026

☐ **Per employee: test anyone near ₹21,000 on both wage bases, month by month**

Once on basic and DA, once on the Code's full wage. If either is ₹21,000 or less, paying is the lower-risk course. A reading, not settled law.

s.2(y); s.26(1) 'per mensem'

☐ **Leavers included: add everyone who worked thirty days and has left**

A full and final release does not give up bonus.

s.26(1); s.60

☐ **Per employee: leave out anyone with under thirty days' work in the year**

s.26(1)

☐ **Per employee: remove only those dismissed for the listed reasons**

A completed dismissal, not a suspension or a pending charge, for fraud, riotous or violent behaviour on the premises, theft, misappropriation or sabotage, or for a conviction for sexual harassment.

s.29

☐ **If you use contractors, collect their proof of bank credit**

Get each contractor's proof of bank credit. If told in writing that one failed, confirm it and pay; in the Central sphere, the minimum bonus.

s.2(l)(iii); s.43, proviso; rule 21

03

Calculation

The base, the rate and three adjustments

Worked per employee, month by month. On wages of ₹16,000 and a minimum wage of ₹12,500 (an example), the base is ₹12,500 a month, ₹1,50,000 a year: a minimum of ₹12,500 at eight and one-third per cent, exactly one-twelfth, and a maximum of ₹30,000 at 20%.

The base

☐ Per employee: build the wage the Code's way

Basic, DA and retaining allowance; if HRA, conveyance and other excluded pay come to more than half of total pay, add the excess.

s.2(y), first proviso

☐ Per employee: apply the ₹7,000 or minimum wage ceiling

Above ₹7,000 a month, calculate as if wages were ₹7,000 or the minimum wage for the role, whichever is higher: the Centre's rate in the Central sphere, your State's in the State sphere.

s.26(2); S.O. 4710(E), 25-Aug-2026

The rate

☐ Calculate at least 8.33% of wages earned, or ₹100 if higher

Owed even with no allocable surplus.

s.26(1)

☐ Ask finance for the allocable surplus; if it exceeds the total minimum bonus, you are bound to pay more

67% of the available surplus, or 60% for a banking company.

s.26(3), s.31; rules 24 to 26

☐ Have finance bring in the last four years' carry-forward (Set-on and set-off), oldest first

s.26(4), s.36; rules 27, 28, Appendix A

☐ Check no one's bonus is above 20% of wages earned

s.26(3), s.26(5)

Three adjustments

☐ Do not reduce part-year staff a second time

Bonus is on wages earned, so it already falls. s.27 pro-rates only the ₹100 floor.

s.27, s.28

☐ Deduct only advances and customary bonus paid in the same year

One paid in November 2026 counts against 2026-27. The 2025-26 bonus paid alongside is not an advance.

s.37

☐ If you deduct a misconduct loss, only one found in 2025-26

Only where found guilty in 2025-26.

s.38

The Code does not prescribe an internal approval. These are the sign-offs that make a bonus run defensible later, when an employee or an Inspector-cum-Facilitator asks how a figure was reached. The computation is law; only the sign-off is practice.

☐ **Freeze the eligible list and have HR sign it**

Practice. Names, wages for bonus, days worked, sphere and the minimum wage used.

☐ **Have finance sign the rate against the accounts**

Gross profits, available surplus and allocable surplus from the audited accounts, signed by finance. Audited accounts of companies are not normally questioned.

s.31(1) and (2), s.32 to s.34

☐ **If you pay a productivity bonus, attach the agreement**

A productivity bonus under s.26(5) is bonus under the Code: inside the 20%, by bank credit.

s.26(5)

☐ **Approve each payment on its own line, named for what it is**

Practice. Statutory, advance, ex-gratia or performance pay.

☐ **Approve the letters before the bank file goes**

Practice.

☐ **If anything changes from last year, give notice twenty-one days before**

Adjusting, cutting or renaming a past festival payment: twenty-one days' notice to workers.

IR Code s.40, Third Schedule item 8

Keep ex-gratia off the statutory sheet

An ex-gratia payment to someone above ₹21,000 is outside Chapter IV. Approving it on the same line as the statutory bonus is how it gets called statutory in a letter, and then claimed again next year.

05 Payment by the deadline

Into the bank, within eight months

The accounting year begins on 1 April, so the year 2025–26 closed on 31-Mar-2026 and its bonus is due by 30-Nov-2026. Diwali falls on Sunday, 08-Nov-2026, three weeks inside the deadline.

☐ Credit the bonus to each employee's bank account

Not cash and not a voucher. Section 19 of the 1965 Act said cash; the Code requires bank credit.

s.39(1)

☐ Pay by 30-Nov-2026

s.39(1), s.2(a)

☐ If you cannot pay in time, apply for an extension early

Only an order of the appropriate Government extends it, never beyond two years in all. Until then 30-Nov-2026 stands.

s.39(1), proviso

☐ If the rate is disputed, pay what you accept on time

Only a dispute pending before an authority moves the date, and even then 8.33% is due in eight months.

s.39(2) and its proviso

☐ If an employee has died or cannot be traced, pay the nominee

Central sphere: deposit with the Deputy Chief Labour Commissioner if that fails.

s.44; rules 45, 46

☐ Send a separate letter for each kind of payment

Practice: statutory, advance, ex-gratia and performance pay each named.

What getting it wrong costs

A claim within three years can add compensation of up to ten times the shortfall, and you must prove payment (s.45(2), (6); s.59). Fines run alongside: up to ₹50,000 for paying less (s.54(1)(a)), ₹20,000 for other breaches (s.54(1)(c)), ₹10,000 for records (s.54(2)). Officers in charge are liable too (s.55).

The Payment of Bonus Rules, 1975, which held Forms A, B, C and D, were the Centre's rules for every establishment, and the Code on Wages (Central) Rules, 2026 superseded them on 08-May-2026. In the Central sphere the return moved to the OSH Code's annual return.

Central sphere, from the Rules

The old requirement	Now
Form A, B and C bonus registers	Not prescribed. Rule 51 keeps three registers, Form I, Form IV and Form IX, none with a bonus column, for five years after the last entry
Form D annual return	Section H of the annual return in Form XVII, under rule 48 and OSH rule 74: employees covered, total paid, date paid. Bonus paid in 2026 is filed by 28-Feb-2027; a contractor with over 50 workers files its own
Paid in cash, under s.19 of the 1965 Act	Bank credit only, under s.39(1)

Either sphere

- ☐ **Keep each employee's working for five years**
Wages for bonus, days worked, rate, deductions under s.37 and s.38, and the bank reference. Practice: no form prescribes it.
- ☐ **Keep the allocable surplus working with the accounts**
Practice. The authority may call for the balance sheet in a dispute.
s.31(3)
- ☐ **State sphere: fill in your State's bonus figures, register and return**
Notification no. ____ Qualifying ₹ ____ Calculation ₹ ____ Register form ____ Return form ____ Due _____. Find these in your State's Code on Wages rules or ask your labour consultant; this checklist did not read any State's.

Two questions left open

The year 2025-26 straddles 21-Nov-2025. Nothing read settles whether its first months run on the old salary or the Code's wages, or whether an establishment the 1965 Act covered, such as a small factory, owes bonus for April to November 2025. No State bonus notification was read.

Attendo

Provided by Attendo for general guidance, not legal advice, reviewed 07-Oct-2026. Read at source: the Code on Wages, 2019 as published; S.O. 5322(E) of 21-Nov-2025; S.O. 4711(E) and S.O. 4710(E) of 25-Aug-2026 from the Gazette of India; the Code on Wages (Central) Rules, 2026, G.S.R. 343(E), and the OSH (Central) Rules, 2026, G.S.R. 345(E). Your State's rules, a settlement and your own accounts can change what applies.

attendohr.com

Attendo

ATTENDO

Bonus runs on a year of *wages and attendance*

Attendo keeps each employee's salary structure and attendance in one record, so the wages and the days worked that bonus is calculated on are already there when Diwali comes round.

[Book a Free Demo](#)

Call +91 72280 34343