

JZ Payroll Outsourcing & Contract Staffing

15+ Years of Expertise in Payroll & Contract Staffing Solutions
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Expatriate Salary Structure Compliance Checklist

India 2025 - Essential Implementation Guide

Pre-Employment Assessment

Residency Status & Legal Requirements

- ☐ Calculate physical presence in India for residency determination
- ☐ Determine tax status: Resident/Non-Resident/Not Ordinarily Resident
- ☐ Review DTAA applicability and home country tax obligations
- ☐ Verify work permit/visa status and employment eligibility
- ☐ Confirm company statutory compliance registrations

Salary Structure Design

Core Components

- ☐ Set basic salary at 40-50% of total compensation
- ☐ Calculate HRA (50% metro, 40% non-metro cities)
- ☐ Determine PF applicability (mandatory if $\leq ₹15,000/\text{month}$)
- ☐ Assess ESI eligibility (salary $\leq ₹25,000/\text{month}$)

Tax-Efficient Allowances

- ☐ Transport Allowance (₹1,600/month tax-free)
- ☐ Medical Reimbursement (₹15,000/year with bills)
- ☐ Communication & meal allowances with proper documentation
- ☐ Value perquisites (car: ₹1,800-2,400/month, accommodation: 15% of salary)

Payment Strategy & Currency Management

Geographic Payment Split

- ☐ Evaluate 100% India vs. split payment arrangement
- ☐ Determine optimal split ratio (recommended 60% India, 40% offshore)
- ☐ Document business justification for offshore component
- ☐ Ensure transfer pricing compliance and DTAA benefits
- ☐ Implement currency risk hedging strategies

Statutory Compliance Setup

PF & ESI Registration

- ☐ Complete PF registration and monthly contribution setup (12% each)
- ☐ ESI registration and contribution rates (3.25% employer, 0.75% employee)
- ☐ Set up monthly payment procedures and annual filing processes

TDS Management

- ☐ Determine TDS rates based on residency status
- ☐ Set up monthly TDS processes and quarterly return filing (Form 24Q)
- ☐ Establish TDS certificate issuance (Form 16) and audit trails

Documentation & Record Keeping

Essential Documentation

- ☐ Comprehensive employment contract with detailed salary breakdown
- ☐ Tax Residency Certificate and Form 10F for non-resident benefits
- ☐ DTAA documentation and perquisite valuation records
- ☐ Monthly payroll registers and compliance certificates

Record Management

- ☐ Document retention policy (minimum 7 years) with digital backups
- ☐ Access controls and audit trail maintenance procedures

Monthly Operations & Annual Compliance

Monthly Processes

- ☐ Calculate salary components and statutory deductions
- ☐ PF payment by 15th, ESI by 21st, TDS by 7th of following month
- ☐ File monthly ECR, ESI returns, and maintain compliance registers

Annual Activities

- ☐ Generate Form 16 by May 31st and complete annual returns
- ☐ Support income tax filing and investment declarations
- ☐ Conduct compliance audit and structure optimization review

Risk Management & Quality Control

Compliance Monitoring

- ☐ Monthly compliance review and regulatory change monitoring
- ☐ Penalty risk assessment and mitigation strategies
- ☐ Audit preparation with comprehensive documentation

Process Optimization

- ☐ Quarterly structure review for tax efficiency opportunities
- ☐ Employee satisfaction assessment and package adjustments
- ☐ Technology implementation for automated compliance monitoring

JZ Payroll Outsourcing & Contract Staffing

Your trusted partner for expatriate salary structuring and compliance management in India. With 15+ years of expertise, we ensure optimal tax efficiency while maintaining full regulatory compliance.

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This checklist should be customized based on specific requirements and regulatory updates. Regular review recommended for compliance with evolving regulations.