



COUNTRY GUIDE: INDIA

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<https://zapeo.net/india/>

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ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record (EOR) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

We also assist with onboarding and termination of both local or expatriate employees.

BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



WORK PERMITS AND VISAS



Types of visas:

- **Employment Visa:** Valid for contract period or up to 5 years. Foreigners will need proof of employment contract to apply for this visa.
- **Business Visa:** Valid for contract period or up to 5 years. For foreigners looking to do business in India or seeking new business opportunities in India.
- **Project Visa:** For highly skilled foreigners wanting to work in India (Power of Steel industry). Valid for project duration or up to 1 year.
- **X Visa/Entry Visa:** Valid for up to 5 years. For individuals of Indian Origin or for foreign nationals holding a business, employment or project visa.

Work Permits

Foreigners don't need a specific work permit if they have an employment visa. However, individuals from China, Afghanistan or Pakistan may need work permits.

EMPLOYMENT CONTRACTS



Probation period

In India, the general market trend is to have a probation period of 3 to 6 months, particularly in the technology and services sectors.

Notice period

Depending on the type of employment (probationary or permanent) or the level of seniority, the notice period can range from fifteen days to three months. In general, the longer the notice period, the higher the level of seniority.

Minimum wage

The minimum wage in India is the lowest amount a worker can legally be paid for his or her work. India has no national minimum wage and minimum wages may be set by the state or sector of industry.

Working hours and overtime

Workers are permitted to work up to 48 hours a week. Overtime should not exceed a total of 54 hours a week (including normal working hours). Overtime is generally paid at twice the workers wage.

Termination

There is no standard process for terminating an employee in India due to the structure of Indian labor laws. An employee may be terminated in accordance with the terms of the individual labor contract signed by the employee and the employer. Similarly, the terms may be governed by the country's labor laws.

EMPLOYMENT CONTRACTS



Severance

Severance pay is calculated as 15 days' wages for each completed year of service. Retrenched workers are entitled to 15 days' pay for each completed year of service under the Industrial Disputes Act.

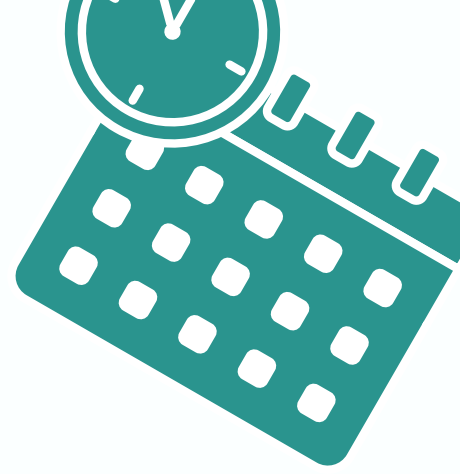
Non-compete clause

Non-compete agreements are illegal in India and may be unenforceable.

Collective bargaining

Collective bargaining in India has remained limited in scope and coverage due to a well-defined legal structure.

PAID TIME OFF



Annual Vacation

In India, unlike in most other countries, leave policies are governed by the laws of the state in which the company's legal entity is established, not the state in which the employee works. The minimum amount of earned leave for private sector employees is typically 15 days per year, but this varies by state.

Sick

The national government of India requires employees to take at least 12 days of paid sick leave (or casual leave) per year. This leave covers employee illnesses as well as bereavement and caregiving for sick family members. When employees take sick leave for more than three days in a row, their employers have the right to request a doctor's note.

Maternity

All companies in India are now required to provide maternity leave to their employees. Employees are eligible for maternity leave after having worked for the company for at least 80 days in the previous 12 months. Maternity leave requirements vary by state, but the national government of India requires 26 weeks of paid leave for employees with fewer than two children and 12 weeks for employees with two or more children. Adoption and surrogacy children are also entitled to 12 weeks of maternity leave under the law.

Paternity

N/A

Family

N/A

National Holidays

14 paid public holidays in India.

Other Paid Time Off

N/A

EMPLOYEE BENEFITS



Statutory

Unemployment

Covered under the Social Insurance contributions. Benefits are equal to 50% of an insured worker's daily average earnings paid up to one year.

Workers compensation

Covered by Employer.

Social Security

Both employee and employer contribute 12% of monthly earnings. This is then used in a provident fund and to cover pension.

Retirement

Covered by Social Security.

Health

India has a public healthcare system.

Private

Workers compensation

No private workers compensation available.

Retirement

No private retirement schemes available.

Health

Private health insurance available.

Life

Private life Insurance available.

TAX



Personal Income Tax (PIT)

- **Tax year** : The tax year in India is from 1st April to 31st March.
- **Tax rate** : Rates range between 0-30%. Individuals are taxed based on their residency status during the tax year.
- **Tax method** : In India, taxes are primarily divided direct and indirect taxes. Direct taxes are levied on your earnings, indirect taxes are levied on your expenses. Individuals in India are taxed primarily based on their residency status during the relevant tax year.
- **Tax residency requirements** : In the tax year, an individual is said to be a resident if he or she is:
 - physically present in India for 182 days or more during the tax year,
 - or physically present in India for 60 days or more during the relevant tax year and 365 days or more in total in the four preceding tax years.
- **Double taxation agreements (DTA's)** : India has multiple double tax agreements (DTA) with other countries.

Investment Income Tax

Capital gains from the sale or transfer of capital assets are taxable in the tax year in which they are sold or transferred. Capital assets include all types of property, including stocks and shares, land and buildings, jewellery and goodwill. Long-term capital gains are taxed at prescribed advantageous rates and short-term capital gains are added to the individual's taxable income and taxed at the normal slab rates.

Taxable Income

The total remuneration/salary received from an employer for services performed in India is taxable in India. Taxable income includes all amounts derived from an office of employment, whether in cash or in kind.

PAYROLL



Payroll Elements

- **Income:** Salary, earnings, bonuses, overtime pay, taxable benefits, allowances, and certain lump sum perks are examples of remuneration (revenue from employment). Profits or losses made by a company or trade. Income or profits derived from an individual's status as a trust beneficiary.
- **Deductions:** Employee contribution to a recognized provident fund, income taxes and other deductions employee has consented to.
- **Benefits in Kind:** Some companies may provide benefits in kind.
- **Employer contributions:** Social security, unemployment and workers compensation.

Payroll Taxes

N/A

Payroll Calendar

There are no predetermined dates on which employees must be paid.

Weekly, Bi-weekly, fortnightly and monthly payrolls are acceptable.

LEGISLATION AND STATUTORY BODIES



LEGISLATION

- [The Industrial Relations Code 2020](#)
- [The Code on Social Security 2020](#)
- [Health and Working Conditions Code 2020](#)
- [The Code on Wages 2019](#)

STATUTORY BODIES

- [Department of Revenue](#)
- [Ministry of Labor and Employment](#)
- [Employees' Provident Fund Organization](#)



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