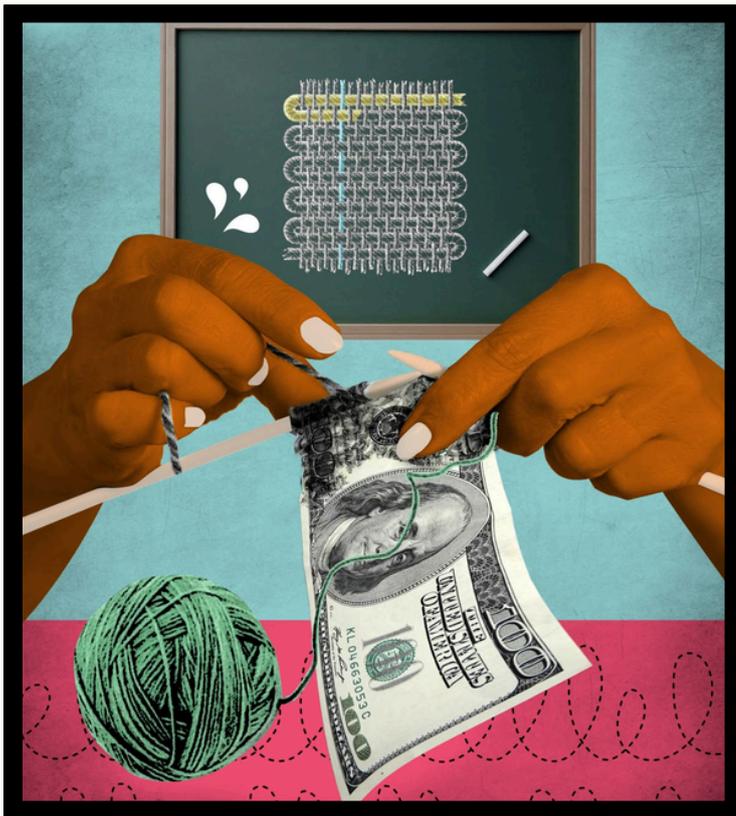


LAW CRUMBS



GRATUITY WAGES

OLD LAW VS NEW CODE

Gratuity Under the Social
Security Code, 2020
(Effective Nov 2025)

Revised Definition of 'Wages'

Earlier (Payment of Gratuity Act, 1972)	Now (Social Security Code, 2020)
<ul style="list-style-type: none">• Gratuity based on Basic + DA + Commission (if any)• Excluded: HRA, bonus, special allowances, overtime, etc.	<ul style="list-style-type: none">• 'Wages' = Basic pay + Dearness Allowance + Retaining Allowance• Exclusions include: Bonus, HRA, Overtime, Conveyance, Employer PF contribution, Special allowances• Safeguard Rule: If excluded components exceed 50% of total remuneration, the excess is added back into wages for gratuity calculation. <p>This prevents structuring salary with high allowances to reduce gratuity.</p>

