

**KRPR AND
ASSOCIATES**

PAYROLL & HIRING GUIDE (INDIA)

A SIMPLE GUIDE TO HIRING EMPLOYEES AND RUNNING PAYROLL IN INDIA

Contents

★ Section 1 — Employment vs Contractor (Critical Difference).....	2
★ Section 2 — India Payroll Structure	3
★ Section 3 — Required HR Documents	3
★ Section 4 — Payroll Compliance Explained	3
★ Section 5 — Monthly Payroll Workflow.....	4
★ Section 6 — Hiring Compliance Checklist.....	4

★ Section 1 — Employment vs Contractor (Critical Difference)

Employee

- TDS
- PF
- ESIC
- PT
- Benefits
- Leave rules

Contractor

- Higher compliance risk if long-term
 - No PF/ESIC
 - Not suitable for engineering/SaaS teams
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Section 2 — India Payroll Structure

India payroll ≠ Global payroll.

Payroll includes:

- Basic salary
 - Allowances
 - TDS
 - PF
 - ESIC
 - PT
 - Gratuity
 - Bonus (if applicable)
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Section 3 — Required HR Documents

- Offer Letter
 - Employment Agreement
 - NDA
 - IP Assignment
 - HR Policy Book
 - Attendance & Leave Policy
 - Expense Policy
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Section 4 — Payroll Compliance Explained

TDS

Income tax withholding.

PF

Retirement fund.

ESIC

Medical insurance fund.

Professional Tax

State-level tax.

Gratuity

Long-term employment benefit.

Section 5 — Monthly Payroll Workflow

1. Salary inputs
 2. Attendance & leaves
 3. Payroll calculation
 4. Payslips
 5. TDS payment
 6. PF/ESIC payment
 7. Payroll registers
 8. Monthly compliance files
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Section 6 — Hiring Compliance Checklist

Before Hiring

- India entity
- Payroll software
- HR policies

During Hiring

- Offer
- Contract
- KYC
- Payroll onboarding

After Hiring

- PF/ESIC
- TDS
- State compliance