

FACTS ABOUT GRATUITY

According to the Payment of Gratuity Act No.12 of 1983, the eligibility requirements for gratuity claims are as follows:

1. The particular employee should have been employed in an institution where employing 15 or more employees during the period of 12 months preceding the date of terminating or terminated the employment of the employee.
2. Completion of at least 5 years of continuous service by the employee.

How to claim

The employer must pay gratuity within one month, from the date the employee resigned. In the event of death of the employee, the gratuity is to be paid to the employee's family.

Provide proper notice period to your organization according your company policy.

(Tip: Mention in your resignation letter that you wish to obtain your gratuity)

How to calculate Gratuity?

(Basic Salary /2) × No. of years of employment

In case of delay in payment of gratuity by the employer, the surcharge will be applicable as follows:

- Payment in arrears for not more than 1 month =10%
- Payment in arrears for 1 month to 3 months =15%
- Payment in arrears for 3 months to 6 months =20%
- Payment in arrears for 6 months to 12 months =25%
- Payment in arrears for more than 12 months =30%

For more information visit <http://www.labourdept.gov.lk>