Oracle Fusion Cloud Human Resources

How do I set up fast formulas for India?

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Chapter 1
About this Playbook

1 About this Playbook

This playbook provides the steps for setting up the fast formulas.

Set up the fast formulas for:

- gratuity
- commuted pension
- leave encashment
- retrenchment compensation
- configure termination payments

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Chapter 1
About this Playbook

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Chapter 2
Set up Fast Formulas

2 Set up Fast Formulas

Write a Fast Formula for Gratuity

You can write your own custom logic in the fast formula to calculate the gratuity payment amount.

You can either write your own custom logic in the fast formula to calculate the gratuity payment amount or enter the amount directly in the predefined element to override the amount calculated by the predefined element.

> **Note: My Client Groups** > **Payroll** > **Fast Formulas**

1. Click **Create** and enter the formula name: XXCUST_INDIA_GRATUITY_CALCULATION_FF
2. Enter the **Type**: Oracle Payroll
3. Enter other details like **Description**, **Legislative Data Group**, **Effective Start Date**, and click **Continue**.
4. Write the formula text in the Formula Text editor that opens.
5. Click **Submit**.
6. Compile the formula and verify that there are no errors.

```
/****************************************************************************
 $Header:
 * Formula Name : XXCUST_INDIA_GRATUITY_CALCULATION_FF
 * Description : Custom Gratuity Calculation for India localization
 **************************************************************************/

/* The formula should have the below return values.
l_gratuity_amount_payable
*/

l_gratuity_amount_payable = -1

/* Begin Custom logic - Add your custom logic here to set the value to the variable provided*/

l_gratuity_amount_payable = 100000

/*Custom logic End*/

 return /* Use the below return variables*/
 l_gratuity_amount_payable
```

Results:

The formula returns the value for **Gratuity Amount Payable**.

Write a Fast Formula for Commuted Pension

You can write your own custom logic in the fast formula to calculate the commuted pension amount.

You can either write your own custom logic in the fast formula to calculate the commuted pension. amount or enter the amount directly in the predefined element to override the amount calculated by the predefined element.

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> **Note:** **My Client Groups** > **Payroll** > **Fast Formulas**

1. Click **Create** and enter the formula name: XXCUST_INDIA_COMMUTED_PENSION_CALCULATION_FF
2. Enter the **Type**: Oracle Payroll
3. Enter more details like **Description**, **Legislative Data Group**, **Effective Start Date**, and click **Continue**.
4. Write the formula text in the Formula Text editor that opens.
5. Click **Submit**.
6. Compile the formula and verify that there are no errors.

```
/******************************************************************************
 $Header:
 * Formula Name: XXCUST_INDIA_COMMUTED_PENSION_CALCULATION_FF
 * Description: Custom Commuted Pension Calculation Formula for India Localization
 ***********************************************************************************/

/* The formula should have the below three return values.
l_commuted_pension_payable -- Corresponds to input value : Amount Paid
l_total_commuted_pension -- Corresponds to input value : Total Pension Amount
l_percentage_total_pension -- Corresponds to input value : Percentage of Total Pension
*/

l_commuted_pension_payable = -1
l_total_commuted_pension= -1
l_percentage_total_pension = -1

/* Begin Custom logic */

l_commuted_pension_payable = -1
l_total_commuted_pension = 4000000
l_percentage_total_pension = 40

/*Custom logic End*/

return /* Use the below return variables*/
 l_commuted_pension_payable,
 l_total_commuted_pension,
 l_percentage_total_pension
```

Results:

The formula returns the values for **Amount Paid**, **Total Pension Amount** and **Percentage of Total Pension**.

Write a Fast Formula for Leave Encashment

You can write your own custom logic in the fast formula to calculate the leave encashment amount.

You can either write your own custom logic in the fast formula to calculate the leave encashment amount or enter the amount directly in the predefined element to override the amount calculated by the predefined element.

> **Note:** **My Client Groups** > **Payroll** > **Fast Formulas**

1. Click **Create** and enter the formula name: XXCUST_INDIA_LEAVE_ENCASHMENT_CALCULATION_FF
2. Enter the **Type**: Oracle Payroll
3. Enter additional details like **Description**, **Legislative Data Group**, **Effective Start Date**, and click **Continue**.

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4. Write the formula text in the Formula Text editor that opens.

5. Click **Submit**.

6. Compile the formula and verify that there are no errors.

Results:

The formula returns the values for **Leave Encashment Amount**, **Leave Encashment Annual Allotted Leave Days**, **Total Leaves Availed**, **Completed Years of Service** and **Last Ten Months Salary for Leave Encashment**.

```
/******************************************************************************
 $Header:
 * Formula Name: XXCUST_INDIA_LEAVE_ENCASHMENT_CALCULATION_FF
 * Description: Custom Leave Encashment Calculation Formula for India Localization
 *************************************************************************************/

/* The formula should have the below return values.

l_leave_encash_amount_payable
l_annual_leave
l_utilized_leave
l_service_years
l_last_10mnth
*/

l_leave_encash_amount_payable = 0
l_annual_leave= 0
l_utilized_leave = 0
l_service_years = 0
l_last_10mnth = 0

/* Begin Custom logic - Add your custom logic here to set the values to the variables provided*/

l_leave_encash_amount_payable = 376750
l_annual_leave = 35
l_utilized_leave=200
l_service_years = 15
l_last_10mnth = 330000


/*Custom logic End*/

return /* Use the below return variables*/
 l_leave_encash_amount_payable,
 l_annual_leave,
 l_utilized_leave,
 l_service_years,
 l_last_10mnth
```

Write a Fast Formula for Retrenchment Compensation

You can write your own custom logic in the fast formula to calculate the retrenchment compensation benefit.

You can either write your own custom logic in the fast formula to calculate the retrenchment benefit or enter the amount directly in the predefined element to override the amount calculated by the predefined element.

> **Note:** **My Client Groups** > **Payroll** > **Fast Formulas**

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1. Click **Create** and enter the formula name: XXCUST_INDIA_RETRENCHMENT_AMOUNT_CALCULATION_FF
2. Enter the **Type**: Oracle Payroll
3. Enter more details like **Description**, **Legislative Data Group**, **Effective Start Date**, and click **Continue**.
4. Write the formula text in the Formula Text editor that opens.
5. Click **Submit**.
6. Compile the formula and verify that there are no errors.

Results:

The formula returns the values for **Retrenchment Compensation Amount**, **Completed Years of Service** and **Last Three Months Average Salary**.

Here's the fast formula for retrenchment amount calculation where you add your custom logic.

```
/******************************************************************************
 $Header:
 * Formula Name: XXCUST_INDIA_RETRENCHMENT_AMOUNT_CALCULATION_FF
 ***************************************************************************************/

 /* The formula should have the below three return values.
 l_ret_comp_amount_payable -- This is the Retrenchment Amount Payable
 l_ret_comp_srv_yrs -- Completed years of service.
 l_ret_comp_avg_sal -- Average Salary for the last three months.
 Return -1, if any value is not overriden.
 */

 l_ret_comp_amount_payable = -1
 l_ret_comp_srv_yrs= -1
 l_ret_comp_avg_sal = -1

 /* Begin Custom logic - Add your custom logic here to set the values to the variables provided*/

 l_ret_comp_amount_payable = 400000
 l_ret_comp_srv_yrs = 10
 l_ret_comp_avg_sal = 93333

 /*Custom logic End*/

  return /* Use the below return variables*/
  l_ret_comp_amount_payable,
  l_ret_comp_srv_yrs,
  l_ret_comp_avg_sal
```

Configure Termination Payments using Fast Formulas

You can process the different payments for the terminated employees with income tax as applicable.

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Here are the different payments for the terminated employees:

- Leave Encashment

  The Leave encashment amount paid at the time of retirement is fully exempt from income tax for government employees where as its either fully or partially exempt for private employee based on the rules provided by the income tax act.

  Calculate the leave encashment amount for the unused leave based on your organization policies. Enter this amount directly in the predefined element or using a custom logic in the fast formula. This amount will then be processed further by the predefined element **Leave Encashment Information** for payment and tax exemption.

- Death cum Retirement Gratuity

  Death cum retirement gratuity is paid for the terminated employees with any termination reason. However continuous service rule is ignored in case of death and disablement. The predefined element **Gratuity Information** calculates the gratuity amount to be paid with applicable income tax exemption.

  You can either write your own custom logic in the fast formula to calculate the gratuity payment amount or enter the amount directly in the predefined element to override the amount calculated by the predefined element.

  You can also define your continuous period of service for gratuity payment for each Income tax TRU.

- Commuted Pension

  Commuted pension amount received by the government employee is fully exempt from income tax whereas its either partially or fully exempted in case of a private employee. The tax exemption depends on the percentage of total pension received as commuted pension and whether the employee received the gratuity payment.

  You can either write your own custom logic in the fast formula to calculate the commuted pension amount or enter the amount directly in the predefined element **Commuted Pension Information**, which will be further processed for payment and tax exemption,

- Voluntary Retirement Scheme (VRS) Amount

  You can either write your own custom logic in the fast formula to calculate the VRS amount or enter the amount directly in the predefined element **Voluntary Retirement Information** which will be further processed for payment and tax exemption,

- Retrenchment Compensation

  You can either write your own custom logic in the fast formula to calculate the retrenchment compensation amount or enter the amount directly in the predefined element **Retrenchment Compensation Information** which will be further processed for payment and tax exemption,

Configure Termination Payments

Here are the various steps to configure the termination payments.

1. Define element eligibility rules for the following predefined elements:
   - Gratuity Information
   - Leave Encashment Information
   - Commuted Pension Information
   - Voluntary Retirement

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       o Retrenchment Compensation Information

2. Create a new action for **Disablement due to accident or disease** to be used for gratuity with the following details:

    a. Code: IN_DISABLEMENT
    b. Name: Disablement due to accident or disease or any meaningful name
    c. Description: Disablement due to accident or disease or any meaningful description
    d. Type: Terminate Work Relationship
    e. Country: India
    f. Start Date: Example: 01/01/2022
    g. End Date: Example: 12/31/4712

3. Enter the following information for gratuity in the **Income Tax Basic Information** for your income tax TRU

    o Employer classification

> **Note:** The employer classification information is also applicable for leave encashment.

    o Covered by Gratuity Act

    o Continuous period of service for Gratuity

4. Write your own custom logic in the fast formula for these allowances to calculate the payment with the following names respectively:

    o Leave Encashment - XXCUST_INDIA_LEAVE_ENCASHMENT_CALCULATION_FF

    o Gratuity - XXCUST_INDIA_GRATUITY_CALCULATION_FF

    o Commuted pension – XXCUST_INDIA_COMMUTED_PENSION_CALCULATION_FF

    o VRS Amount - XXCUST_INDIA_VRS_CALCULATION_FF

    o Retrenchment Compensation - XXCUST_INDIA_RETRENCHMENT_AMOUNT_CALCULATION_FF

5. Create the element entries for the predefined elements as applicable for the terminated employees.
6. You can optionally enter the input value **Last Ten Months Salary for Leave Encashment** in the predefined element **Leave Encashment Information** to override the ten months' average salary calculated by default.
7. You can optionally enter the gratuity forfeit amount and forfeit reason as input value for **Gratuity information** element entry, if applicable for the terminated employee.

> **Note:** You need to copy paste the fast formula from the sample formula provided and insert your own custom logic in it.