



Guidelines for workers and employers

Bonus



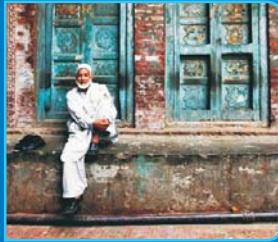
**Labour & Human Resource Department
Government of the Punjab**

What is bonus?

Bonus is share of an employee in the annual profit of an enterprise



Who is eligible for the payment of bonus?



The definition of employee who is eligible to receive bonus is provided in the Industrial and Commercial Employment (Standing Orders) Ordinance, 1968. According to this definition, the eligible employees are called as "workmen". A workman is a person employed in industrial or commercial establishment doing any skilled or unskilled manual or clerical work for hire or reward. The workman must have completed 90 days of continuous service for the enterprise declaring profit, in order to be eligible for payment of bonus

What are commercial & industrial establishments?

All commercial and industrial establishments where twenty (20) workmen (in case of commercial establishment) and fifty (50) workmen (in case of industrial establishment) are employed are responsible for the payment of bonus, in case they declare annual profit. .

The commercial establishments include those entities having 20 or more employees involved in the business of advertising, commission, or forwarding, a clerical department of a factory, a joint stock company, insurance company, a bank, a broker's office or stock exchange, a club, a hotel, a restaurant, a cinema, and also other establishments which are declared by the Government by notification in the official gazette.

The industrial establishments include factories, railways (those operations registered as factories), a construction company, a work related to repairs, ornamenting, packing and other processes relating manufacturing is called an industrial establishment.



Employment duration for eligibility?

In order to be eligible for bonus, the employee (workman) must have completed at least 90 days of continuous service for the industrial or commercial establishment from which he/she claims bonus upon declaration of profit.



Are other monetary benefits affected by bonus?

The bonus does not affect other monetary benefits accrued to the employee under various labour laws like gratuity, provident fund, compensation, encashment of leaves etc.



How to calculate bonus?

The bonus will be paid on "profit" only and its distribution will be as follows:

1. If profit is less than total monthly wages of workmen, the distribution of bonus will be 15% of the profit among the workmen.
2. If profit is equal to total monthly wages of workmen, the distribution of bonus will be 30% of the profit among the workmen.

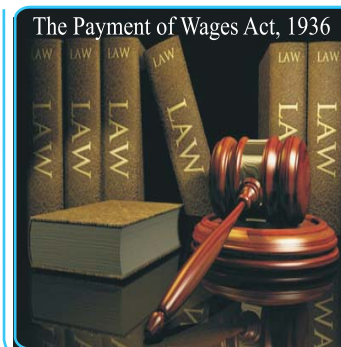
3. If profit is more than the total amount of monthly wages of workmen, the distribution will be 30% of the profit among the workmen.

Laws related to Bonus?

The main law which governs the terms and conditions of bonus.

- Industrial and Commercial Employment (Standing Orders) Ordinance, 1968.
- Payment of Wages Act, 1936.
- Factories Act, 1934.

● Shops & Establishments Ordinance, 1969
In additional special laws related to mine workers, newspaper employees and transport workers are also pertinent.





Where to file the claim?

Normally the workman should get bonus after the annual closure of accounts and declaration of profit by the enterprise. In case there is dispute due to non or less payment of bonus, the claim can be lodged in the court of Commissioner Workman Compensation in the relevant jurisdiction, who is also (Authority under payment of wages). The Commissioner Workman Compensation is an officer of the Directorate of Labour Welfare and at least one Commissioner has been designated in each office of the District Officer Labour in all districts of Punjab.

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Call toll Free: **0800 33 888**
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