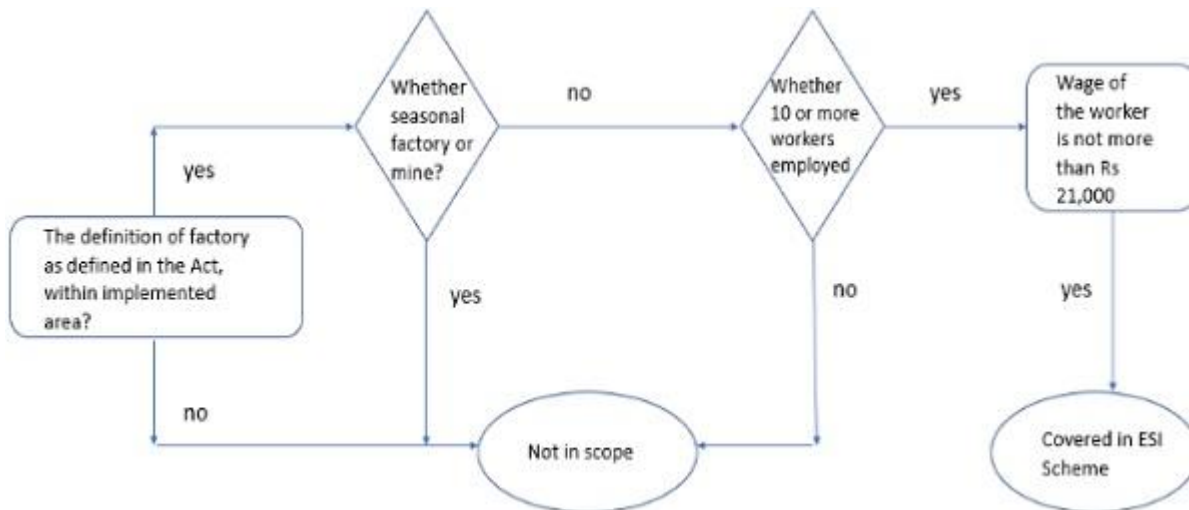


APPLICABILITY OF PF & ESI

APPLICABILITY OF THE ESI SCHEME WEF 1ST JULY 2019

The ESI scheme is applicable to all factories and other establishments as defined in the Act with 10 or more persons employed in such establishment and the beneficiaries' monthly wage does not exceed Rs 21,000 are covered under the scheme. Whether the employer has employed 10 or more employees, all employees employed by the employer, agnostic of the salary are reckoned. The applicability of the scheme is explained through a flow chart below:



ESIC contribution rates (Reduced w.e.f. 15/07/2019)		
Particulars	Current Rate	Reduced Rate
Employer Share	4.75%	3.25%
Employee Share	1.75%	0.75%
Total	6.50%	4.00%

ESIC Return Due Date.

ESIC Return filling and payment can be both done at the same time. Hence, the ESI return due date is the same as that of payment. I.e., on or before 15th of every month.

Penalty for Delayed Payment

Delayed remittance of ESIC /PF deposit will incur penal damages. The penal charges, as specified by the EPFO, ESIC are as follows:

S. No	Time-Period of Delay	Rate of Penalty
1	Delay for up to 2 months	5% per annum
2	Delay ranging from 2 months to 4 months	10% per annum
3	Delay ranging from 4 months to 6 months	15% per annum
4	Delay exceeding 6 months	25% per annum (It may correspondingly go up to 100%)

APPLICABILITY OF EPF REGISTRATION FOR EMPLOYERS

EPF registration is mandatory for all establishments-

- Which is a factory engaged in any industry having 20 or more persons, and
- To any other establishment employing 20 or more persons or class of such establishments which the Central Government may, by notification specify in this behalf.

Central Government may apply any establishment employing less than 20 employees after giving not less than two months' notice for compulsory registration

Where the employer and majority of employees have agreed that the provisions of this act should be made applicable to the establishment, they may themselves apply to the Central PF Commissioner. The Central PF Commissioner may apply the provisions of this Act to that establishment after passing the notification in the Official Gazette from the date of such agreement or from any subsequent date specified in the agreement.

Some establishments having less than 20 employees would also be required to obtain PF registration but that is voluntary registration. All the employees will be eligible for a PF from the commencement of their employment and the responsibility of deduction & payment of PF lies with the employer.

Contribution Rate (%)	Employee's Contribution Rate (%)	Employer's Contribution Rate (%)
A/c No. 1: PF Contribution Account*	12.00	3.67
A/c No. 2: PF Admin Charges Account	–	0.50
A/c No. 10: EPS Contribution Account	–	8.33
A/c No. 21: EDLIS Contribution Account	–	0.50
Total Contribution	12.00	13.00

Monthly payable amount under EPF Administrative charges is rounded to the nearest rupee and a minimum of Rs 500/- is payable. If the establishment has no contributory member in the month, the minimum administrative charge will be Rs 75/-

- The contributions are payable on maximum wage ceiling of Rs. 15000/-
- The employee can pay at a higher rate and in such case employer is not under any obligation to pay at such higher rate.
- To pay contribution on higher wages, a joint request from Employee and employer is required [Para 26(6) of EPF Scheme]. In such case employer has to pay administrative charges on the higher wages (wages above 15000/).
- For an International Worker, wage ceiling of 15000/- is not applicable.

Documents Required for ESI and PF Registration.

1. Name of the company. (Incorporation Certificate)
2. Company's PAN (Proprietor's, in case of proprietorship concern) and Incorporation Certificate.
3. Copy of the licenses available in the name of the company/Firm. (like GST/MSME).
4. Address of the company with address proof.
5. ID, Pan and Address proof of Proprietor / Director / Partner of the company.
6. Email address, Mobile number of Proprietor / Director / Partner of the company.
7. Specimen Signature as per attached format
8. Digital Signature
9. Details of 10 & 20 Employees (10 for ESIC & 20 for EPF) (as per Sheet attached)
10. Consent Letter as per attached format (In case EPF Voluntary Registration)

About Us: LABHYANSH is a professionally managed Accounting, Taxation and Compliance Outsourcing services provider having presence in India. Provides services that are Timely, Accurate and Cost Effective using well defined processes. Our team seek to serve every client in the most efficient manner. We incorporate a passion for client satisfaction and support in their success. Our services enable client's business to enhance operational and financial agility by streamlining and optimizing key processes.

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