

VAARTA..Let's talk!

Alacrity Corporate Solutions Pvt.Ltd.



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Dear Reader,

“THE PAST IS WHERE YOU LEARNED THE LESSON, THE FUTURE IS WHERE YOU APPLY THE LESSON, DON'T GIVE UP IN MIDDLE”

The COVID-19 crisis has drastically transformed the way we live and work. While economies may be shifting, all of our team members remain committed to give you the solutions you need, to keep you updated with the changing scenario and the resources you need for smooth functioning of your work.

Alacrity being a true companion for the clients and people associated with it, puts all its knowledge, experience, and tools to ***“foster prosperity to you”***

The sense of isolation and the comparative loneliness has inspired a subliminal urge for companionship. That sense of reaching out and reconnecting is one positive outcome amid the daily deluge of Covid 19 disasters and darkness. What the outbreak and lockdown have done is to prompt all of us to look at our lives with a fresh perspective. There is much we have learned in this challenging, stressful situation—social responsibility, resilience, compassion, and kindness, even the benefits of proper hygiene, a fine for spitting must be the most progressive initiative for India in recent times. Social distancing, despite the chaos and ugliness of the crowds outside liquor shops, may even instill a sense of discipline, something that is alien to most Indians outside the armed forces

“VAARTA--- LETS TALK” is an initiative to keep in touch and share some legal insights and news about the changes in the corporate world. We want you to be updated with all the recent amendments and its impact on you as an organization.

It is a weekly circulation with each edition targeting one specific area of compliance.

This issue highlights and captures amendments and events relating to **Labour laws updates** and **EPF Compliances amid Covid 19**.

We will like to hear from you, please send your feedback to csarpita@alacritycorp.com for any improvements or suggestions.

Thank you in anticipation for your reading and sending your comments.

STAY HOME, STAY SAFE

Editorial team

The new guidelines of the Ministry of Home Affairs show the intention of the Government to slowly lift the lockdown, however at the same time health and safety shall remain priority. Businesses should continue with keeping themselves prepared to adapt with any legal or regulatory change introduced by the Government. Covid-19 threat also exposes business to various labour law related challenges, which can vary as per the nature of business and operation of the company.

To minimize some of the advert effects of the lockdown and other restraining measures, the EPFO introduced new compliances and regulatory changes which shall help the companies to survive this economic shock. The latest tax, legal and compliance changes are summarized below.

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Sr. No	TOPIC	Source	Contributed by
1	<i>EPF Addition Due Date Continued for The Month Of March 2020</i>	https://www.epfindia.gov.in/site_docs/PDFs/Circulars/Y2020-2021/GraceperiodMarch2020.pdf	CS Kalpa Jaiswal
2	<i>EPF Scheme Guidelines for Execution of PMGKY Credit Of Employers And Employee Contribution By Government Of India</i>	https://www.epfindia.gov.in/site_docs/PDFs/Updates/PR_PMGKY.pdf	CS Arpita Saxena
3	<i>FAQ On EPF Advance To Fight COVID-19 Pandemic in 2020</i>	https://www.epfindia.gov.in/site_docs/PDFs/Updates/covid_faq_26_042020.pdf	CS Kalpa Jaiswal
4	<i>Simplifying ECR Payments</i>	https://www.epfindia.gov.in/site_docs/PDFs/Updates/PR30042020.pdf	CS Kalpa Jaiswal
5	<i>Employer's DSC /e-Sign Registration of Authorised Signatories In The Lockdown Period</i>	https://www.epfindia.gov.in/site_docs/PDFs/Updates/PR06052020.pdf	CS Kalpa Jaiswal
6	<i>Relaxations given by different states</i>		CS Kalpa Jaiswal

"EPF Additional Due Date"



Amid rising number of cases in India, and no clarity on lifting lockdown measures, there's huge pressure on the government to ease the burden on employers and prevent job losses, salary cuts.

Earlier EPFO vide notification no.C-1/Misc./2019-20/VolIII./Part./9 has continued the due date for payment of addition and legislative charges inspection charges due for compensation month March 2020 from 15th April 2020 to 15th May 2020 i.e. grace period of thirty days (16th April 2020 to 15th May 2020) for filing of Electronic Challan cum Return(**ECR**) to Formation disbursing wages for March 2020.

Howsoever The Government on 13th May, 2020 has announced extended support by another 3 months from Mar, Apr and May further extended to June, July, and August

Employers seeking the above relief need to file ECR for wage month March 2020 on or before 15th August,2020 duly certifying the expense of wages to employees by acknowledge the actual date of disbursement of wages for March 2020 in the column "Salary disbursal date" in the ECR and remit the contributions and administrative/ review charges on or before 15th August 2020.

EPF Scheme Guidelines For Execution of PMGKY

INTRODUCTION:

A relief package under Pradhan Mantri Garib Kalyan Yojana (PMGKY) for the poor to help them fight the battle against Corona Virus Pandemic was announced by the Government of India.

KEY FEATURES OF SCHEME:

- Ø The PMGKY package is introduced with a view to ensure continued employment of the low earning workers who are at risk of losing their employment and also to provide financial benefit to the organized sectors due to economic disruption caused by Coronavirus pandemic.
- Ø Electronic challan-cum-return (ECR) filing will enable the establishments to avail the relief in respect of their eligible employees.
- Ø To avail benefit, all the establishments must ensure payment of monthly salaries to their workers and make a timely submission of ECR.
- Ø Eligible establishments will disburse wages for the month to all employees of the establishment and will file electronic challan-cum-return (ECR) with required certificate and declaration to avail the benefit under the scheme.
- Ø The total amount of subsidy will be reduced in challan and only the reduced amount will have to be paid by the employer.
- Ø Post approval of filed ECR and payment by Employer, the EPF and EPS contributions will be credited directly in the UANs of employees of the establishment by the central government.

VALIDITY OF SCHEME:

The scheme was earlier valid from March to May but the finance minister on 13th May, 2020 announced it now being extended from June to August.

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ELIGIBILITY CRITERIA:

For Establishments	For Employees
<p><u>Registered Establishment:</u></p> <p>(i) The establishment or factory should already be covered and registered under the Employees' Provident Funds & Misc. Provisions Act, 1952</p>	<p><u>Employee of eligible establishment:</u></p> <p>(i) Employee should be employed in any eligible establishment earning monthly wages of less than Rs.15000/-. The UAN of the employee should be seeded with his/her Aadhaar.</p>
<p>(ii) Number of employees and wage ceiling: The total number of employees employed in the establishment should be up to 100 (one hundred), with 90% or more of such employees should be drawing monthly wages less than Rs.15000.</p>	<p>(ii) Registered Member of EPF & EPS: Employee should be a member of EPF Scheme, 1952 & Employees' Pension Scheme, 1995 whose contributions are received for any period during last six months (September 2019 to February 2020) in the ECR filed by any eligible establishment against his/her UAN. Such contributions in ECR should have been received on monthly wage of less than Rs.15000/ iii. Non-applicability of Benefits: It is clarified that if any employee is already a registered beneficiary and his/her employer is availing benefits of payment of employer's share by Central Govt. under PMRPY/PMPRPY 2016, no such benefit in respect of such employee shall be available under this Scheme of PMGKY.</p>

On 13th May, 2020 In another PF related relaxation aimed to provide more liquidity to employers and employees not covered under the above scheme, the government decided to slash the rate of mandatory PF contribution for both employees and employers by two per cent from 12 % to 10 %.



FAQ On EPF Advance To Fight COVID-19 Pandemic in 2020

The Government of India had improved the Employee Provident Fund Scheme,1952 dated 27th March 2020 vide periodical notification no.GSR.225. As per the announcement the where any corporation or factory placed in an area notified as affected by the discharge of any disease or pandemic, a non-refundable accommodation to members under the scheme from the provident fund account not exceeding the basic wages and dearness wages of that member for three months or up to 75 percent of the amount attaining to his credit in the fund, whichever is less.

Now EPFO has released a FAQ on EPF advance to fight COVID-19 Pandemic some of which are:-

1. Is the premature withdrawals from EPF account due to COVID-19 taxable?

No. The premature withdrawal from EPF account is not taxable.

2. Who is eligible to withdraw under the relaxed EPF withdrawal provision by Government?

Any person who is having an EPF account and has UAN (Universal Account Number) is eligible for advance withdrawal from EPF.

3. What is the maximum withdrawal limit from EPF account?

Up to 3 Months of Basic Salary + Dearness Allowance OR 75% of PF Balance outstanding in EPF Account, **whichever is Lower.**

4. Are any supporting documents required for the advance EPF withdrawal?

This provision of advance EPF withdrawal given by Government is mainly to address the short-term liquidity or cash-flows issues. So, it doesn't require any supporting documents.

5. How one can claim for withdrawal from his /her EPF Account amid current lockdown?

You can claim the withdrawal from your EPF account on by visiting [Employee Provident Fund Website](#). It is an online process. The detailed procedure is explained in this article above.

6. Is there any App available for withdrawal from EPF account?

Yes. [UMANG](#) is an official app (available on play store) availing various Government services. [UMANG](#) (Unified Mobile Application for New-age Governance) provides a single platform for all Indian Citizens to access pan India e-Gov services ranging from Central to Local Government bodies and other citizen centric services.

SIMPLYFYING ECR PAYMENTS

In the current scenario of lockdown announced by the Govt. to control the spread of COVID-19 pandemic and other disruptions, the businesses and enterprises are not able to function normally and are facing liquidity / cash crunch to pay their statutory dues even though they are retaining the employees on their rolls.

Keeping in view the above situation and to further ease the compliance procedure under EPF & MP Act, 1952, the filing of monthly Electronic-Challan cum Return (ECR) is separated from Payment of the statutory contributions reported in the ECR.

The ECR can now onwards be filed by an employer without the need of simultaneous payment of contributions and contributions may be paid later by the employer after filing the ECR.

Employer's DSC /e-Sign Registration of Authorised Signatories

On 6th May, 2020 it was further announced that since the employers are not able to function normally and are facing problems in using their digital signatures or Aadhaar based e-sign on EPFO portal. Keeping in view the above situation and to further ease the compliance procedure, EPFO has decided to accept such requests through email also.

Employer can send the scanned copy of duly signed request letter to the concerned Regional Office through mail. Official email addresses of the Regional Offices are available at www.epfindia.gov.in. Further, such establishments, whose authorized officers have approved digital signatures but are not able to locate the dongle, can login to the employer portal and register their e-sign through the link for registration of already registered authorized signatories. If their name against the approved digital signature is same as that in their Aadhar, the registration of e-sign will not require any further approval. Other authorised signatories can register their e-signs and send the request letters approved by the employers and seek approval of the concerned EPFO Offices. This facility provides further relief to the employers and EPF members adversely impacted by the Pandemic.

Summary of EPF announcements by Finance Minister on 13th May 2020.

- **Units up to 100 workers with 90% of employees under Rs.15,000, relaxation was given earlier**
- **Now, liquidity relief given to all epf establishments**
- **Extend support to another 3 months – now extended from Mar, Apr and May further extended to June, July, August**
- **EPF contribution will be paid by Govt of India**
- **22 lac employees will be benefitted**
- **67 lac establishments will be benefitted**
- **To increase take home salary to employees, statutory PF contribution is reduced from 12% to 10% for those not covered above**
- **Govt employer being central PSUs will still pay 12% but employees can have option for 10% contribution**

RELAXATION GIVEN BY DIFFERENT STATES:

The northern state of **Uttar Pradesh** has suspended all but four labour laws for three years.

The only labour laws now applicable in the state are

- The Building and Other Construction Workers Act 1996, which regulates the employment conditions of construction workers;
- The Workmen Compensation Act 1923 that provides for compensation in the event of injury or accident;
- The Bonded Labour System (Abolition) Act 1976, which prevents physical and economic exploitation of workers; and
- Section 5 of the Payment of Wages Act, 1936 that extrapolates provisions relating to wages.

This implies that laws such as the Factories Act (which deals with working hours) and the Industrial Disputes Act (which dealt with notice periods before retrenchments) need not be heeded by employers.

Gujarat, too, has done the same by suspending all but three labour laws.

Licences: Madhya Pradesh has abolished the necessity of multiple registers and returns for getting a business permit, meaning only one register, and a return will be sufficient. The state has also made provisions that ensure licences will be issued within 24 hours and renewals will now be given for a decade instead of one year. Kerala and Maharashtra, too, have simplified the returns and application procedure for permits.

Working hours: States such as **Madhya Pradesh, Gujarat, Rajasthan, Himachal Pradesh, and Punjab** have increased the working shifts in factories from eight to 12 hours with extended provisions for overtime.

Inspection: Madhya Pradesh has removed the requirement for inspections at factories that employ less than 50 labourers. Inspection of small and medium enterprises (SMEs) can now only be done with the prior approval of a labour commissioner or if there is a complaint.

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Our Take:

The filing of monthly electronic-challan-cum-return (ECR) is separated from the payment of the statutory contribution reported in the ECR. This means that the companies need to only inform the EPFO about the number of employees for which they are going to pay for the EPF contribution without the need for making the statutory contribution towards their EPF dues.

Our advice is that one should not withdraw from their EPF account because it hurts the retirement corpus. EPF delivers one of the higher returns among all fixed income instruments covered under the sovereign guarantee. The scheme also enjoys tax-free returns as well as tax-free maturity. By withdrawing it, you are trading your long term well-being for your short-term need and this should be your absolute last resort. Withdrawing from EPF means losing out on EPF's most significant advantage; the compounding effect." However, these are extraordinary times, and possibly, one of the worst crisis that most have seen. In times like these, one can consider measures that help reduce unnecessary debt at a low cost.

OUR KNOWLEDGE PARTNER

PRANAV KUMAR AND ASSOCIATES, COMPANY SECRETARIES

For any suggestions, query or concern write to us at services@alacritycorp.com or call us at +91 1204126564 or 9716050088 / 9810793994 , we can also be reached at :

Corporate office:

3F-CS 70, Third floor, ANSAL Plaza, Sector-1, Vaishali, Ghaziabad-201010,
Uttar Pradesh, Delhi NCR, INDIA

Branch office:

Kunti Sadan, Road no.14, Mahatma Budh Path, Kesrinagar,
Opposite Ashirvad Utsav hall, Patna-800024, Bihar, INDIA

Disclaimer: The views stated are personal and should not be construed as a legal opinion.