

**WEB CIRCULATION**



कर्मचारी भविष्य निधि संगठन  
(श्रम मंत्रालय भारत सरकार)  
Employees' Provident Fund Organisation  
(Ministry of Labour, Govt. Of India)  
मुख्य कार्यालय / Head Office  
भविष्य निधि भवन, 14-भीकाजी कामाप्लेस, नई दिल्ली-110066  
BhavishyaNidhiBhawan, 14- Bhikaji Cama Place, New Delhi - 110066  
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Date: 06.08.2014

To

All Addl. CPFCs (Zones)  
All RPFCs (In-charge of Regions/Sub-Regions)

6693  
AUG 2014  
6 AUG 2014


**Subject : Inspection of establishments splitting wages to reduce PF liability – regarding.**

Sir,

The contribution payable by the employer under Employees Provident Funds Scheme, 1952 is calculated on basic wages, dearness allowance (including the cash value of any food concession) and retaining allowance (if any) payable to each employee to whom the scheme applies. The meaning of basic wages is defined under Section 2(b) of Employees' Provident Funds & Miscellaneous Provisions Act, 1952. It includes all emoluments which are earned by an employee while on duty but excludes the cash value of food concession, dearness allowance, HRA, overtime allowance, bonus, commission or any other similar allowance payable to the employee and any presents given by the employer to his employees. However, it has been observed that many employers split the total wages payable to their employees into several allowances in such a way that the said allowances are covered under the category of exclusions provided under Section 2(b) of the Act as explained above thereby encouraging the subterfuge of splitting of wages to exclude the PF liability. Instances have come to the notice where total wages of employees are splitted by employer to the extent that PF liability is reduced upto 50% of total wages.

2. In order to understand the gravity of the issue it has been decided to have all those establishments inspected where the employers have deducted PF contribution on fifty percent (or even less) of total wages paid to their employees. So all Officers In-charge of field offices are directed to get such establishments inspected where PF contribution has been deducted on fifty percent or less of total wages. The exercise must be completed by 31.08.2014 and report in the proforma given below should reach Head Office by 07.09.2014.

Sl. No.	Name of the establishment	Period for which inspection done	Amount of Total wages paid to the employees	Amount in Rs.		Remarks
				Amount of wages which contribution was deducted	of on PF	

  
 P.K. Udgata  
 (P.K. Udgata)

**Addl. Central PF Commissioner -I (Compliance)**

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 P.K. Udgata  
 (P.K. Udgata)

**Addl. Central PF Commissioner -I (Compliance)**

जारी किया  
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