

Dear Friends,

Your attention is drawn to the gazette notification dated 22<sup>nd</sup> August, 2014, enhancing PF wage ceiling from Rs.6500/- per month to Rs.15000/- per month w.e.f. 1<sup>st</sup> September, 2014. We request you to kindly implement the same. Kindly pay your attention on following points while preparing & calculating the salary for the month September, 2014.

1. All employees earning Basic + DA + Special Allowance upto Rs.15000/- pm will be compulsorily covered under PF.
2. Existing employees who are currently not covered, now will be covered, if their basic salary is below Rs.15000/- pm.
3. New employees coming with salary of more than Rs.15000/- pm & is not a previous member of PF will be " Excluded ".
4. The above category of employees can voluntarily opt & become the member of PF.
5. The above employees will not be entitled for Pension scheme & both the contribution (Employee's + Employer's ) will be paid under the PF only.
6. New employees coming with salary of more than Rs.15000/- pm can opt & voluntarily contribute in PF on their entire salary & employer can also contribute either equal share or employer can restrict the contribution amounting to Rs.1800/- ( 12% up to Rs.15000/- ).
7. New employees coming with salary of more than Rs.15000/- pm can also restrict their contribution amounting to Rs.1800/- ( 12% on Rs.15000/-). Employers contribution will also be Rs.1800/- .
8. As per the policy decision of PF Organization, the minimum basic salary of the employees should be more than 55% of their gross monthly salary. Copy of circular is enclosed herewith for your ready reference.
9. If it is 50% or less than 50%, the PF department can assess the dues & in that case employer will have to pay the both share with penalty & interest.
10. Kindly verify your salary statements & identify the employees, whose basic is less than Rs.15000/- pm.
11. Please make sure that it should be at least 55% to 60% of the gross monthly salary.

12. Please ensure that the PF is deducted at least on minimum wages, in respect of employees who are in lower category, for safer side to avoid any future liabilities that may arise.

13. Under the PF Act, following components of salary do not attract PF deduction;

- i) House Rent Allowance
- ii) Overtime Allowance
- iii) Bonus
- iv) Commission or any other similar allowance

14. As per judgments delivered by Gujarat, Madhya Pradesh & Madras High Courts, it has been held that all allowances (i.e. Conveyance, Medical, Education, Attire, Special & other allowances etc. etc.), which are paid universally, necessarily & ordinarily to all employees, they will be treated as part & parcel of basic wages & that will attract the PF contribution. However, the appeals have been filed in the Supreme Court by M/s. Surya Roshini Ltd. & others, which are likely to be heard & decided in near future.

15. If the above allowances are paid to all employees of your company, then the Enforcement Officer can claim the PF contribution & assess the dues, this is for your kind information. It is pertinent to note that the maximum contribution payable by the employer is restricted up to the salary of Rs.15000/- pm under the PF scheme. Therefore, it will not apply to the employees, who are already paying PF contribution on over & above Rs.15000/- pm salary. It can effect to those employees who are contributing on salary below Rs.15000/- pm.

16. In case of new employees coming with salary of more than Rs.15000/- per month, kindly obtain Form No.11 for collecting the details of their previous PF membership.

17. If it is declared by them in Form No.11, that they were a member of PF scheme in the previous organization, the PF membership is mandatory for them up to the salary of Rs.15000/- pm in your company.

18. You can exclude them, provided they have never been a member of the PF scheme previously in any other organization & drawing basic salary more than Rs.15000/- pm.

19. Please note that Form No.11 is very important document under the PF scheme. Kindly obtain the same from all new employees, getting salary above Rs.15000/- pm & who do not wish to become member of PF.

20. In case of new employees, coming with salary of more than Rs.15000/- pm, kindly confirm from them whether they are member of " Pension Scheme " in the previous

company & whether they have withdrawn it or not. Also confirm, whether they are holding " Scheme Certificate " under the Employees' Pension Scheme. If such category of employees have not withdrawn the pension contribution & wants to transfer the same or holding a " Scheme Certificate " , their pension membership will be continued. If they have withdrawn the pension fund from previous company, or not holding a " Scheme Certificate ", they will not be entitled for pension fund membership & their both the contribution ( Employee's + Employer's ) will be paid under the PF account.

Regards,  
Sohail Sawani  
Sohail & Co.