

Attention Employers!!!

As you are already aware that any person employed by you directly or through a contractor in your establishment or in connection with the work of your establishment would also be termed as your 'employee' as per Section 2(f) of the EPF & MP Act, 1952. It is needless to reiterate that all the above contract employees would need to be enrolled under the PF Code Number of your establishment.

In case if such contract employees are enrolled under a separate PF code No. of the contractor, it is your duty to ensure that contributions at the prescribed rates are deducted and remitted by the contractor in respect of the said contract employees failing which, being the principal employer, you will be held liable for the payment of such contributions also.

In this regard, your attention is invited to the following provisions on engaging contractor employees:

Para 30 . Payment of Contribution:

1. *The employer shall, in the first instance, pay both the contribution payable by himself (in this Scheme referred to as the employer's contribution) and also, on behalf of the member employed by **him directly or by or through a contractor**, the contribution payable by such member (in the Scheme referred to as the member's contribution).*

2. *In respect of employees employed by or **through a contractor**, the contractor shall recover the contribution payable by such employee (in this Scheme referred to as the member's contribution) and shall pay to the principal employer the amount of member's contribution so deducted together with an equal amount of contribution (in this Scheme referred to as the employer's contribution) and also administrative charges.*

3. *It shall be the responsibility of the principal employer to pay both the contribution payable by himself in respect of the employees directly employed by him and also in respect of the employees employed by or through a contractor and also administrative charges.*

[Explanation – For the purpose of this paragraph the expression “administrative charges” means such percentage of the pay (basic wages, dearness allowance, retaining allowance, if any, and cash value of food concessions admissible thereon) for the time being payable to the employees other than an excluded employee, and in respect of which provident fund contributions are payable as the Central Government may, in consultation with the Central Board and having regard to the resources of the Fund for meeting its normal administrative expenses, fix]

Para 36-B. Duties of Contractors. – *Every contractor shall, within seven days of the close of every month, submit to the principal employer a statement showing the recoveries of contributions in respect of employees employed by or through him and shall also furnish to him such information as the principal employer is required to furnish under the provisions of the Scheme to the Commissioner.*

Accordingly, in order to avoid a hefty penalty for non-enrolment or a liability on account of engaging contractor employees, you are advised to:

- a) Enroll all the contractor employees directly/exclusively employed in your establishment.
- b) Ensure the enrolment of all employees engaged through an independent contractor by obtaining and verifying a certificate cum statement in this regard from the contractor before releasing the monthly payments every month.

A suggested model proforma of the above statement is made available in our website www.epfochennai.tn.nic.in which may also be used. The statements so obtained will be made available for the inspection of the Enforcement Officer at the time of his visit to your establishment.

Sd/-
(K.V. SARVESWARAN)
Regional P.F. Commissioner I
Chennai Region