

PF/ESI Registration – Benefits and Applicability

EPF REGISTRATION:-

Organization with 20 or more employees are required by law to register for EPF Scheme within one month of attaining the minimum strength of 20 employees. Small organizations which do not have minimum strength can register themselves voluntarily. If an employee drawing salary more than 15000 per month, it is not mandatory for that employee to become a member of EPF Scheme.

ESI REGISTRATION:-

ESI Registration is to be mandatorily done when the employers are having more than 10 employees but it applies to employees with low earnings. As per the act, all employees whose earnings are Rs. 15000 or less per month, it is required for them to contribute 0.75% of their pay towards the ESI and 3.25% by the company towards ESI. For successful, ESI Registration the employer will need to pay the advance contribution for 6 months.

Benefits of ESIC Registration

The benefits of registering under this scheme are varied. Some of them are:

- Sickness benefits at the rate of 70% (in the form of salary), in case of any certified illness and which lasts for a maximum of 91 days in any year.
- Medical benefits to an employee and his family members.
- Maternity benefit to the women who are pregnant (paid leaves). If the death of the employee happens while on work – 90% of the salary is given to his dependents in the form of a monthly payment after the death of the employee.
- Same as above in case of disability of the employee.
- Funeral expenses.
- Old age medical care expenses.

BENEFITS OF PF REGISTRATION:-

- The PF Scheme offers a pre-fixed interest on deposit held with EPF India.
- Around 8.5% of Employer's contribution is directed towards the Employee Pension Scheme. That help to build a healthy retirement corpus of employees.
- Amount from EPF fund can be withdraw by employee in any emergency or uncertainty.
- Earnings generated through EPF are exempted from Tax.

Registration for ESIC and EPF will be mandatory for all new companies to be taken at the time of incorporation with effect from February 23, 2020, and no separate ESIC and EPF registrations will be issued by shramsuvidha portal to any company.

APPLICABILITY OF ESI SCHEME:-

- (i) Shops
- (ii) Hotels or restaurants not having any manufacturing activity, but only engaged in 'sales'.
- (iii) Cinemas including preview theaters;
- (iv) Road Motor Transport Establishments;
- (v) News paper establishments.(that is not covered as factory under Sec.2(12));
- (vi) Private Educational Institutions (those run by individuals, trustees, societies or other organizations and Medical Institutions (including Corporate, Joint Sector, trust, charitable, and private ownership hospitals, nursing homes, diagnostic centers, pathological labs).

Source : Taxguru