

HR Law Hotline

July 11, 2019

PF JUDGEMENT: WHAT SHOULD EMPLOYERS DO NEXT?

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It has been over 3 months since the Hon. Supreme Court of India (“SC”) pronounced its landmark judgment on provident fund (“PF”) contributions¹ (“PF Judgment”). It is unfortunate and somewhat ironic that the SC’s attempt to finally clarify and put to rest the “basic wages” conundrum has resulted in considerable confusion and anxiety across all industries. Many employers have been left clueless and are unsure about what actions they need to take basis the PF Judgment.

Soon after the PF Judgment, the Employees’ Provident Fund Organization (“EPFO”) issued a circular on 20 March 2019 advising the PF authorities to utilize the PF Judgment while defending cases and taking necessary action. Adding to the woes of employers, PF Commissioners have started issuing notices to employers making references to the PF Judgment and directing employers to furnish copies of attendance registers and wage registers of employees to determine if there has been any subterfuge of wages. Post-scrutiny of this data, the PF authorities are likely to quantify the liabilities and issue Section 7A notices and initiate proceedings against defaulting employers.

This article lays down some of the proactive steps that employers can consider in light of the PF Judgment and the measures taken by the PF authorities.

The complete article can be viewed [here](#)

– [Srinivas Raman](#) & [Vikram Shroff](#)

You can direct your queries or comments to the authors

¹The Regional Provident Fund Commissioner (II) West Bengal vs. Vivekananda Vidyamandir and Ors AIR2019SC1240

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