



# news flash

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## **SIMPLIFICATION OF FILING RETURNS AND MAINTAINING REGISTERS FOR SMALL ESTABLISHMENTS**

The Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988 ("**Principal Act**") has been amended pursuant to the passing of the Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Amendment Act, 2014 ("**Amendment Act**").

The effective date of the amendment is 1 January 2015.

### **Current Law**

The Principal Act provides for a simplified procedure for furnishing returns and maintaining registers under the following legislations for small and very small establishments:

- i. The Payment of Wages Act, 1936
- ii. The Weekly Holidays Act, 1942
- iii. The Minimum Wages Act, 1948
- iv. The Factories Act, 1948
- v. The Plantations Labour Act, 1951
- vi. The Working Journalists and other Newspaper employees (Conditions Of Service) and Miscellaneous Provisions Act, 1955
- vii. The Contract Labour (Regulation and Abolition) Act, 1970
- viii. The Sales Promotion employees (Conditions of Service) Act, 1976
- ix. The Equal Remuneration Act, 1976

A **small establishment** is an establishment which employs only 10 to 19 persons.

A **very small establishment** is an establishment which employs less than 10 persons.

Under the Principal Act, subject to certain conditions, employers that are small and very small establishments are required to file only 1 annual return in the prescribed format. Further, small establishments are required to maintain only 2 registers and very small establishments are required to maintain only 1 register in the prescribed format.

### **Amendment to the Principal Act**

The Amendment Act makes the following relaxations to the Principal Act:

- (1) It expands the scope of '**small establishment**' to mean an establishment employing 10 to 40 persons (as opposed to 10-19 persons previously).

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- (2) It exempts a small establishment & a very small establishment from filing of returns under the following legislations (in addition to those stated above):
- i. The Motor Transport Workers Act, 1961
  - ii. The Payment of Bonus Act, 1965
  - iii. The Beedi and Cigar Workers (Conditions of Employment) Act, 1966
  - iv. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
  - v. The Dock Workers (Safety, Health and Welfare) Act, 1986
  - vi. The Child Labour (Prohibition and Regulation) Act, 1986
  - vii. The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996
- (3) It allows the aforementioned establishments to file the annual return and maintain registers, in either physical form or on a computer, computer floppy, diskette or other electronic media. It is clarified that a printout of such returns, registers would need to be provided to the labour inspector, on demand.

## **ALMT Summary**

Pursuant to the Amendment Act, an establishment having 10-40 employees can now enjoy the benefits of the Principal Act with respect to filing of returns and maintaining of registers. The scope of the exemption from filing of returns has been broadened by inserting 7 additional statutes as listed above. Further it allows such establishments to maintain e-registers and make e-filings.

The Amendment Act is a welcome legislation and addresses the need of the hour. It is likely to improve the ease of doing business for smaller establishments that cannot afford to be weighed down by tedious and cumbersome labour law compliances.

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