



**COMPLIANCE MANUAL**

**From**

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**SAMISTI LEGAL LLP**

Advocates & Legal Advisors

## Compliance Manual

### A. Introduction:

1. We present to you this compliance manual (“**Manual**”) detailing the compliances to be complied with by ‘**start-ups**’ / **other entities** of India. The concept of startups was introduced, after the launch of ‘Start-up India Initiative’ in January 2016, to boost entrepreneurship and encourage job creation. Start-ups are regulated by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry. DPIIT was initially established in the year 1995 as the ‘Department of Industrial Policy & Promotion (DIPP)’ and thereafter renamed in 2019.
2. A start-up is an entity:
  - i) if it is incorporated as a **private limited company** or registered as a **partnership firm** or a **limited liability partnership** in India,
  - ii) up to a period of ten (10) years from the date of incorporation or registration,
  - iii) turnover of the entity for any of the financial years since incorporation or registration has not exceeded one hundred (100) crore rupees.
  - iv) the entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

For the sake of clarity, an entity formed by splitting up or reconstruction of an existing business shall not be considered as a ‘start-up’. Further, start-ups that are valued at USD 1 Billion and are privately owned and not listed on the share market are termed as ‘unicorns’.

The following are the critical guidelines that have been issued by DPIIT in order to determine whether an entity will be considered as a start-up or not:

- i) Resultant entity or entities formed due to merger, demerger, acquisition, amalgamation, absorption will not be recognised as start-ups. However, merger or amalgamation under Section 233 of the Companies Act, 2013 between any of the following class of companies shall be allowed subject to the fulfilment of norms of DPIIT Notification by the resultant company:
  - (a) Two or more start-up companies, or
  - (b) One or more start-up company with one or more small company.
- ii) Entities formed due to compromise or arrangement as provided under the Companies Act, 2013 shall not be recognized as a start-up,
- iii) Conversion of an entity from one form to another shall not be a bar for availing recognition subject to the fulfilment of condition provided in sub-section (3) of the Section 80-IAC of the Income Tax, 1961,
- iv) Holding and subsidiary companies shall not be permitted for recognition. Further, any start-up becoming a holding or subsidiary of any company after recognition shall be derecognised;
  - (a) Any entity formed by a joint venture shall not be recognised. Further, any start-up entering into any joint venture shall be derecognised,
  - (b) Entities incorporated outside India shall be ineligible for recognition, and

- (c) Shareholding by Indian promoters in the start-up shall be at least 51% as per Companies Act, 2013 and Securities Exchange Board of India (ICDR) Regulations, 2018.
- v) Recognition of an entity having common director or designated partner or partner with any other entity shall be allowed to the extent permissible under the provisions of the Companies Act, 2013. The related party transaction shall not be allowed except transactions on arm's length basis.
- vi) A sole proprietorship shall not be eligible to apply for recognition. If a sole proprietorship changes its type of entity into a type permissible for recognition, then the recognition shall be granted from the date of commencement of business of the sole proprietorship.

**B. Coverage:**

3. This Manual is intended to cover compliances for the following categories of entities:
  - a. the companies registered under the Companies Act, 2013 (“**Companies Act**”);
  - b. limited liability partnerships registered under the Limited Liability Partnership Act, 2008 (“**LLP Act**”); and
  - c. partnership firms governed by the Indian Partnership Act, 1932 (“**Partnership Act**”).with respect to the following aspects of law: (a) compliances under the Companies Act, LLP Act and Partnership Act; (b) Compliances with respect to the direct and indirect taxation under the Indian Income Tax Act, 1961 and Central Goods and Service Tax Act, 2017; (c) municipal laws as applicable in the State of Karnataka; and (d) labour laws related compliances as applicable in Karnataka.
4. The object of this Manual is to highlight the ongoing and/or time-based compliances and obligations of entities located in Karnataka in line with the aforementioned areas of law. The compliances and obligations covered under this Manual are generally applicable to all entities, except as specifically mentioned under this Manual.

**C. Exceptions:**

5. This Manual does not cover the industry or sector specific compliances or compliances which are based on certain financial thresholds. Further, the compliances listed under applicable labour laws have been laid down irrespective of the number of employees of the entity. Further, the scope of this Manual doesn't include any event-based compliances to be done by the companies, limited liability partnerships or partnership firms incorporated under the Companies Act, LLP Act and Partnership Act respectively. You are hereby advised to approach your legal advisor for any industry / sector specific/event based/threshold-based compliances.
6. In the event that the entity is a company, please refer to Section I (1), for a limited liability partnership (LLP), refer to Section I (2), and for a partnership firm, refer to Section III, in addition to the other relevant chapters.
7. All the information provided in this Manual has been compiled based on the applicable laws as on August 24, 2024. This Manual does not constitute any legal advice from Samisti Legal LLP.

8. All the information provided in this compliance Manual has been compiled based on the applicable laws. Although reasonable care has been taken to ensure that the information in this compliance Manual is true and accurate, however we do not guarantee the accuracy and completeness of any such information provided herein. This compliance Manual does not constitute any legal advice from Samisti Legal LLP and we shall not be liable for any losses incurred by any person from any use of the contents of this compliance Manual.
9. This Manual is based and should be strictly construed in accordance with the laws of India and should be read with the Compliance Calendar which is available at <https://samistilegal.in/compliance-calendars-manual/#>.
10. This Manual is updated as of March 09, 2026.

Yours sincerely,  
**Samisti Legal LLP**

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## I. COMPLIANCES UNDER COMPANIES ACT AND LLPACT

### 1.) FOR COMPANIES:

#### Form MSME [MSME Return]

<b>Law governing this webform:</b>	Order dated January 22, 2019 issued under Section 405 of the Companies Act, 2013 (“ <b>Companies Act</b> ”).
<b>Purpose of the webform:</b>	All companies, who get supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed 45 days from the date of acceptance or the date of deemed acceptance of the goods or services as per the provisions of Section 9 of the Micro, Small and Medium Enterprises Development Act, 2006 (“ <b>Specified Companies</b> ”) shall submit a return to the Ministry of Corporate Affairs (“ <b>MCA</b> ”).
<b>Timeline for filing webform:</b>	Every company is required to file the MSME Form I as half yearly return by 31 <sup>st</sup> October, effective for the period from April to September and once again by 30 <sup>th</sup> April for the period October to March every year, relating to the outstanding payments to Micro, Small and Medium Enterprises (“ <b>MSMEs</b> ”) exceeding 45 days.

#### Form DPT-3 [Return of Deposits]

<b>Law governing this webform:</b>	Rule 16 of the Companies (Acceptance of Deposits) Rules, 2014
<b>Purpose of the webform:</b>	Every company other than a government company is required to file return of deposits in form DPT-3 in respect of deposits or particulars of transaction not considered as deposit or both with Registrar of Companies (“ <b>ROC</b> ”) on or before 30 <sup>th</sup> day of June every year, furnishing all information therein as on the 31 <sup>st</sup> day of March of that year.
<b>Timeline for filing webform:</b>	Form DPT-3 in respect of deposits accepted by the company has to be filed with the ROC on or before 30 <sup>th</sup> day of June every year.
<b>Mandatory Attachments of the webform:</b>	<u>In respect of Deposits:</u> <ul style="list-style-type: none"><li>• Auditor’s certificate;</li><li>• Copy of trust deed, if applicable;</li><li>• Deposit insurance contract, wherever applicable and mentioned in the form;</li><li>• Copy of instrument creating the charge;</li><li>• List of depositors - List of deposits matured and cheque issued but not yet cleared to be shown separately;</li><li>• Details of liquid assets.</li></ul>

**Form AOC-4/ AOC-4 CFS/ AOC-4 XBRL [Filing of Financial Statements]**

<b>Law governing this webform:</b>	Pursuant to Section 137 of the Companies Act and Rule 12(2) of the Companies (Accounts) Rules, 2014 read with Companies (Filing of documents and forms in Extensible Business Reporting Language) Rules, 2015.
<b>Purpose of the webform:</b>	Every company needs to file its financial statements and mandatory attachments, via e-Form AOC4 within the prescribed time limit as per Section 137 of the Companies Act. In case financial statements are not adopted in Annual General Meeting (“AGM”) then un-adopted financial statements shall be filed within 30 days of date of AGM (or due date of AGM if AGM is not held or extended due date if any). Once financial statements are adopted then company shall file the adopted financial statements via e-form AOC-4 within 30 days of the date of convening of AGM (actual or adjourned whichever is applicable).
<b>Timeline for filing webform:</b>	As per the Companies Act, Form AOC-4 must be filed with the ROC within 30 days from the date of AGM or due date of conducting AGM, if not held.
<b>Mandatory Attachments of the webform</b>	<ul style="list-style-type: none"><li>• Financial Statements along with Auditor’s Report and Board’s Report</li><li>• Approval letter for extension of AGM (if extension granted).</li></ul>

**Form MGT-7/ Form MGT-7 A [Filing of Annual Return]**

<b>Law governing this webform:</b>	Section 92(1) of the Companies Act and rule 11(1) of the Companies (Management and Administration) Rules, 2014.
<b>Purpose of the webform:</b>	Every company needs to file an annual return every year with ROC. This return contains the basic information related to company, its shareholders, directors etc. as on the last day of the financial year. It is mandatory compliance for all companies to file this form.
<b>Timeline for filing webform:</b>	As per the Companies Act, Form MGT-7 must be filed with the ROC within 60 days from the AGM.
<b>Mandatory Attachments of the webform:</b>	<ul style="list-style-type: none"><li>• List of shareholders and debenture holders;</li><li>• List of directors;</li><li>• Form MGT 8 for listed Companies and certain class of Companies as prescribed under section 92(2) of the Companies Act;</li><li>• Approval letter for extension of AGM (if extension granted).</li></ul>

**Form ADT-1 [Appointment of Statutory Auditors]**

<b>Law governing this webform:</b>	Section 139 (1) of the Companies Act.
<b>Purpose of the webform:</b>	Every company shall at its 1 <sup>st</sup> AGM appoint statutory auditors who shall hold office till the conclusion of 6 <sup>th</sup> AGM and thereafter till conclusion of every 6 <sup>th</sup> AGM.

<b>Timeline for filing webform:</b>	As per the Companies Act, Form ADT-1 must be filed with the ROC within 15 days of the AGM at which the statutory auditor was appointed or reappointed.
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<b>Mandatory Attachments of the webform:</b>	<ul style="list-style-type: none"> <li>• Company’s member’s resolution copy;</li> <li>• Written consent from the auditor to make such appointment;</li> <li>• A certificate from the auditor stating that the individual is not disqualified from being appointed as an auditor according to Section 141;</li> <li>• A copy of the intimation that is sent by the company to the auditor for their appointment.</li> </ul>
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### Form MGT-14 [Filing of resolutions]

<b>Law governing this webform:</b>	Section 117 of the Companies Act and rules made thereunder.
<b>Purpose of the webform:</b>	A company or liquidator has to file with the concerned ROC certain resolutions and agreements. These are to be filed after being passed at the meeting of the board / shareholders / creditors of the company. The particulars of such resolutions or / and agreement are to be filed through this form. The provisions of Section 117 of the Companies Act are applicable regarding registration of certain resolutions and agreements with ROC. The form has to be filed with ROC within 30 days of passing of the resolution or of the making of the agreement.
<b>Timeline for filing webform</b>	As per the Companies Act, Form MGT-14 must be filed with the ROC within 30 days from the date of approval of such resolutions or / and agreement after being passed at the meeting of the board / shareholders / creditors of the company.
<b>Mandatory Attachments of the webform:</b>	<b>Attachments</b> <ul style="list-style-type: none"> <li>• Certified copy of Board Resolution, if applicable;</li> <li>• Certified true copy of member’s resolution(s) along with copy of explanatory statement under Section 102 of the Companies Act (mandatory in case resolution or postal ballot is selected, if applicable);</li> <li>• Altered memorandum of association (“<b>MOA</b>”) (mandatory in case any change in MOA);</li> <li>• Altered articles of association (“<b>AOA</b>”) (mandatory in case of any change in AOA);</li> <li>• Copy of agreement (mandatory in case agreement is selected).</li> </ul>

### Form PAS- 6 [Reconciliation of Share Capital Audit Report]

<b>Law governing this webform:</b>	Pursuant to sub-Rule 8 of Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014.
<b>Purpose of the webform:</b>	As per Companies Act, every unlisted public company shall file a form with ROC laying down details and changes in the share capital of companies on a half-yearly basis.

<b>Timeline for filing webform:</b>	Form PAS-6 is a half-yearly form that the unlisted companies must file with the ROC within 60 days from the conclusion of the half-year.
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### **Form DIR-3 KYC/DIR-3 KYC WEB**

<b>Law governing this webform:</b>	Rule 12A of the Companies (Appointment and Qualification of Directors) Rules, 2014.
<b>Purpose of the webform:</b>	Any director who is filing e-Form DIR-3 KYC for the first time after allotment of DIN or whose details are required to be updated/changed must file this form. Any director who has already filed the e-Form DIR-3 KYC/DIR-3 KYC (web) in the previous year can file this form when there is no change in his/her KYC details.
<b>Timeline for filing webform:</b>	Every individual who is allotted DIN as on 31 <sup>st</sup> March of a financial year must submit his KYC on or before 30 <sup>th</sup> September of the immediately next financial year in Form DIR-3 KYC.  Every individual who has previously filed DIR-3 KYC Form and there is no change in email id and mobile number shall confirm the same by filing Form DIR-3 KYC WEB.
<b>Mandatory Attachments of the webform:</b>	<ul style="list-style-type: none"> <li>• To provide the following documents, if the same is available;</li> <li>• Self-attested copy of PAN card;</li> <li>• Self-attested copy of Aadhaar card;</li> <li>• Self-attested copy of passport, if having valid passport;</li> <li>• In case no proof of permanent address mentioned above is provided, in such case self-attested copy of driving license must be provided;</li> <li>• Self-attested copy of present address required i.e., electricity bill or mobile bill or bank statement of director (not older than 2 months) in case present address is not same with permanent address;</li> <li>• The mandatory attachments need to be attested by the practicing professional.</li> </ul>

### **OTHER MANDATORY COMPLIANCES BY COMPANIES:**

Section 173 of the Companies Act, 2013 mandates that every company shall hold a minimum of four (4) board meetings in a year with a gap of not more than 120 days between any two meetings. Further, a One Person Company, Small Company and Dormant Company is deemed to have complied with such provision if at least one meeting of the board of directors has been conducted in each half of a calendar year and the gap between the 2 meetings is not less than 90 days. Further the Companies are required to maintain Statutory registers as mandated by the Act, Notices, Minutes, proof of dispatch of Notices and circulation of Minutes.

## 2.) FOR LIMITED LIABILITY PARTNERSHIPS:

### Form LLP – 11 [Annual Return]

<b>Law governing this webform:</b>	Pursuant to Section 35 of the Limited Liability Partnership Act, 2008 (“LLP Act”) read with Rule 25(1) of the Limited Liability Partnership Rules, 2009 (“LLP Rules”).
<b>Purpose of the webform:</b>	Form LLP 11, aims to simplify the process of filing annual return by limited liability partnerships (“LLP”) to ROC. Every LLP shall file an annual return along with all the documents which are required to be attached to such annual return, with the ROC in Form LLP 11 within the prescribed time limit as per Section 35 of the LLP Act.
<b>Timeline for filing webform:</b>	Within 60 days from the end of its financial year.

### Form LLP – 8 [Statement of Account & Solvency]

<b>Law governing this webform:</b>	Pursuant to Section 34(2) and 34(3) of the LLP read with Rule 24 of the LLP Rules.
<b>Purpose of the webform:</b>	Form LLP 8, the statement of account and solvency, is an annual filing requirement for all LLPs registered in India. LLPs are required to file this document annually with the registrar of LLPs. It provides a snapshot of the LLP’s financial position, including its assets, liabilities, and solvency. Regardless of the LLP’s turnover, submitting Form 8 to the MCA every year is mandatory.
<b>Timeline for filing webform:</b>	Within 30 days from the end of 6 months of the financial year.

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## I. COMPLIANCE UNDER TAXATION LAWS

### 1.) CENTRAL GOODS AND SERVICES TAX ACT, 2017 (“CGST Act”) READ WITH CENTRAL GOODS AND SERVICES TAX RULES, 2017 (“CGST Rules”)

<u>Descriptions</u>	<u>Contents</u>
<u>Applicability:</u>	The CGST Act is a central legislation enacted for the levy and collection of tax on intra-State supply of goods or services or both by the Central Government and is applicable to the whole of India. In accordance with Section 7 of the CGST Act, any person (as defined below) making an intra-State supply shall be liable to pay goods and service tax on the value of such supply (such value shall be calculated pursuant to Section 15 of the CGST Act).
<u>Definitions:</u>	<p><b>Section 2(84) of the CGST Act</b> defines a “person” to include-</p> <ul style="list-style-type: none"><li>(a) an individual;</li><li>(b) a Hindu undivided family;</li><li>(c) a company;</li><li>(d) a firm;</li><li>(e) a limited liability partnership;</li><li>(f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;</li><li>(g) any corporation established by or under any Central Act, State Act or Provincial Act or a Government company as defined in clause (45) of Section 2 of the Companies Act;</li><li>(h) any body corporate incorporated by or under the laws of a country outside India;</li><li>(i) a co-operative society registered under any law relating to co-operative societies;</li><li>(j) a local authority;</li><li>(k) Central Government or a State Government;</li><li>(l) society as defined under the Societies Registration Act, 1860;</li><li>(m) trust; and</li><li>(n) every artificial juridical person, not falling within any of the above.</li></ul> <p><b>Section 2(6) of CGST Act</b> defines “Aggregate Turnover” as the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on a reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same permanent account number (“PAN”), to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess.</p>
<u>Registration:</u>	<ul style="list-style-type: none"><li>• <b>Section 22 of the CGST Act</b> mandates that every supplier shall be liable to be registered under the CGST Act in the State or Union Territory from where they make a taxable supply of goods or services or both if their aggregate turnover in a financial year exceeds Rs. 20 lakhs. Provided that if such a person makes taxable supplies of goods or services or both from any of the below-mentioned States/Union Territories- Assam, Arunachal Pradesh, Himachal Pradesh, Uttarakhand, Manipur, Mizoram, Sikkim, Meghalaya,</li></ul>

Nagaland or Tripura, he shall be liable to be registered if his aggregate turnover in a financial year exceeds Rs.10 lakhs.

- However, as per **Section 23 of CGST Act**, irrespective of limits as aforementioned, any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under the CGST Act or under the Integrated Goods and Services Tax Act, 2017, or an agriculturist, to the extent of supply of produce out of cultivation of land, any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax and the Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining the registration, are not liable to obtain registration under the CGST Act.
- Furthermore, notwithstanding anything contained above, **Section 24 of the CGST Act** mandates the below categories of persons to compulsorily obtain registration under the CGST Act, irrespective of the limits as aforementioned:
  - (a) persons who make any inter-State taxable supply;
  - (b) casual taxable persons who make taxable supply;
  - (c) persons who are required to pay tax under reverse charge;
  - (d) persons who are required to pay tax under Section 9(5) of the CGST Act;
  - (e) non-resident taxable persons who make taxable supply;
  - (f) persons who are required to deduct tax under Section 51 of the CGST Act, whether or not separately registered under the CGST Act;
  - (g) persons who make taxable supply of goods or services or both on behalf of other taxable persons, whether as an agent or otherwise;
  - (h) Input Service Distributor, whether or not separately registered under the CGST Act;
  - (i) persons who supply goods or services or both, other than supplies specified under Section 9(5) of CGST ACT, through such electronic commerce operator who is required to collect tax at source under Section 52 of CGST Act;
  - (j) every electronic commerce operator who is required to collect tax at source under Section 52 of the CGST Act;
  - (k) every person who supplies online information and database access or retrieval services from a place outside India to a person in India, other than a registered person; and
  - (l) such other person or class of persons as may be notified by the Government on the recommendations of the GST Council.
- **Section 10 of the CGST Act**, states that a registered person, whose aggregate turnover in the preceding financial year does not exceed Rs.50 lakh, may opt to pay under the Composite Scheme at a rate, not exceeding ("**Composite Scheme**"):
  - (a) 1% of the turnover in State or Union Territory, as the case may be in the case of a manufacturer; or
  - (b) 2 ½ % of the turnover in State or Union Territory, as the case may be, in case of a person engaged in the restaurant business; or
  - (c) ½% of the turnover in the State or Union Territory, as the case may be in the case of other suppliers.

However, the registered person shall be eligible to opt for composite scheme if:

- (a) he is not engaged in the supply of services, except as provided under Section 10(1) of CGST Act;

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|  | <ul style="list-style-type: none"><li>(b) he is not engaged in making any supply of goods or services which are not leviable to tax under the CGST Act;</li><li>(c) he is not engaged in making any inter-State outward supplies of goods or services;</li><li>(d) he is not engaged in making any supply of goods or services through an electronic commerce operator who is required to collect tax at source under Section 52 of the CGST Act;</li><li>(e) he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the GST Council;</li><li>(f) he is neither a casual taxable person nor a non-resident taxable person.</li></ul> |
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Provided that where more than one registered person is having the same PAN, the registered person shall not be eligible to opt for the scheme under Section 10 of the CGST Act, unless all such registered persons opt to pay tax under composite scheme.

**Returns and statements by a person opting for Composite Scheme:**

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	<p>Every registered person paying tax under Section 10 of the CGST Act shall furnish a statement every quarter in <i>Form GST CMP-08</i>, containing the details of payment of self-assessed tax by the eighteenth of the month succeeding such quarter. Furthermore, such person shall also furnish an annual return every financial year by the 13<sup>th</sup> day of April following the end of such financial year in <i>Form GSTR-4</i>.</p>
<p><b><u>Compliance:</u></b></p>	<ul style="list-style-type: none"> <li>• <b><u>Preparation of e-invoice</u></b> (<i>Notification No. 13/2020 – Central Tax and Notification No. 10/2023, read with Rule 48(4) of CGST Rules, 2017</i>): <p>Every notified registered person, whose aggregate turnover in a financial year exceeds Rs.5 crore, shall prepare an e-invoice by uploading specified particulars of the invoice in <i>Form GST INV-01</i> for obtaining an invoice reference number. Such persons shall report the invoices on the e-invoice portal within 30 days from the generation of the physical copy of the invoice.</p> <p><b>Supplies presently covered under e-invoice:</b></p> <p>Supplies to registered persons (business to business), supplies to special economic zones (with/ without payment), exports (with/without payment), and deemed exports, by notified class of taxpayers are currently covered under e-invoicing.</p> <p><b>Entities/sectors for which e-invoicing is not applicable:</b></p> <ol style="list-style-type: none"> <li>(a) Special economic zone units;</li> <li>(b) Insurers;</li> <li>(c) Banking companies or financial institutions, including a non-banking financial company;</li> <li>(d) Goods transport agency supplying services in relation to the transportation of goods by road in a goods carriage;</li> <li>(e) Suppliers of passenger transportation service;</li> <li>(f) Suppliers of services by way of admission to exhibition of cinematograph films in multiplex screens;</li> <li>(g) Persons registered in terms of Rule 14 of CGST Rules;</li> <li>(h) Government department; and</li> <li>(i) Local authority.</li> </ol> </li> <li>• <b><u>Invoice Registration Portal (IRP)</u></b> <p>Rule 48(4) of the Goods and Services Tax System mandates that e-invoices must be uploaded to the Invoice Registration Portal (IRP) within 30 (thirty) days from the date of invoice generation.</p> </li> <li>• <b><u>Tax deduction at source:</u></b></li> </ul>

The Government mandates every registered person to deduct tax at the rate of 1 percent, from the payment made or credited to the supplier of taxable goods or services or both, where the total value of such supply, under a contract, exceeds Rs. 2 lakh and Rs. 50,000/-. Upon a deduction of the aforementioned amount, the deducted amount shall be paid to the Government and furnish a return in *Form GSTR-7*, within 10 days after the end of the month in which such deduction is made.

- **Tax collection at source:**

Every electronic commerce operator, not being an agent, shall collect an amount calculated at such rate not exceeding 1 percent of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the electronic commerce operator. Such e-commerce operator shall furnish a return in *Form GSTR-8*, within 10 days after the end of the month in which such collection is made.

The expression “**net value of taxable supplies**” shall mean the aggregate value of taxable supplies of goods or services or both, other than services notified under Section 9(5) of CGST Act, made during any month by all registered persons through the operator reduced by the aggregate value of taxable supplies returned to the suppliers during the said month.

- **Quarterly Return Filing and Monthly Payment of Taxes (“QRMP”) and Invoice Furnishing Facility (“IFF”):**

Every registered person who is required to furnish a return in Form GSTR-3B, on or before the 20<sup>th</sup> of the month and who has an aggregate turnover of up to Rs. 5 crores in the preceding financial year are eligible for the QRMP scheme. This scheme allows such person to furnish return on a quarterly basis along with monthly payment of tax.

Further, the registered persons opting for the QRMP scheme would be required to furnish the details of outward supply in *Form GSTR-1* on a quarterly basis as per Rule 59 of the CGST Rules.

For each of the first and second months of a quarter, such a registered person will have *Form IFF* to furnish the details of such outward supplies to a registered person, as he may consider necessary, between the 1<sup>st</sup> day of the succeeding month till the 13<sup>th</sup> day of the succeeding month. The said details of outward supplies shall, however, not exceed the value of Rs. 50 lakhs in each month.

- **Furnishing details of outward supplies:**

Every registered person, other than an Input Service Distributor (“**ISD**”), a non-resident taxable person and a person paying tax under the provisions of Section 10 or Section 51 or Section 52 of the CGST Act, shall furnish such details of outward supplies in *Form GSTR-1* (monthly or quarterly), on or before the 10<sup>th</sup> day of the month succeeding the said tax period, or on or before the 13<sup>th</sup> day of the month succeeding the said tax period, as the case may be.

ISD refers to an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services

and issues a prescribed document for the purposes of distributing the credit of Central tax, State tax, integrated tax or Union Territory tax paid on the said services to a supplier of taxable goods or services or both having the same PAN as that of the said office.

- **Return by a non-resident taxable person:**

Every person registered as a non-resident taxable person pursuant to Section 24 of the CGST Act shall furnish a return in *Form GSTR-5*, including the details of outward and inward supplies within 20 days after the end of a tax period or within 7 days after the expiry of the validity period of registration, whichever is earlier.

- **Return by a person outside India providing online information and database access or retrieval services or by a person supplying online money gaming from a place outside India to a person in India:**

Every registered person either providing online money gaming from a place outside India to a person in India or providing online information and database access or retrieval services from a place outside India to a person in India, shall file return in *Form GSTR-5A* on or before the 20<sup>th</sup> day of the month succeeding the calendar month.

- **Return by input service distributor:**

For the purposes of distributing the input tax credit, an ISD has to issue an ISD invoice, as prescribed in Rule 54(1) of the CGST Rules clearly indicating in such invoice that it is issued only for distribution of input tax credit. The input tax credit available for distribution in a month shall be distributed in the same month, and the details of tax invoices on which credit has been received and those credits issued under Section 20 of CGST Act shall be furnished in *Form GSTR-6* within 13 days after the end of the month.

- **Monthly return cum quarterly return by prescribed persons:**

Every registered person, other than a person referred to in Section 14 of the Integrated Goods and Services Tax Act, 2017, or an ISD or a non-resident taxable person or a person paying tax under Section 10, Section 51 or Section 52 of CGST Act shall furnish a return of inward and outward supplies of goods or services or both details of input tax credit availed, tax payable and other particulars, in *Form GSTR-3B* on or before the 20<sup>th</sup> day of the succeeding month.

Further, every registered person, obtaining the benefits of the QRMP scheme, shall furnish a return for each quarter:

(a) By the 22<sup>nd</sup> day of the month succeeding such quarter, if the registered persons principal place of business is in the States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union Territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep; or

(b) By the 24<sup>th</sup> day of the month succeeding such quarter, if the registered persons principal place of business is in the States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union Territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi.

- **Deposit of tax by persons under the QRMP scheme:**

Every registered person furnishing return every quarter under the QRMP scheme for each of the first 2 months of the quarter shall pay tax by depositing the said tax in *Form GST PMT-06* by the 25<sup>th</sup> day of the month succeeding such month.

- **Annual return by a registered person:**

Every registered person other than those referred to in the second proviso to Section 44 of the CGST Act, an ISD, a person paying tax under Section 51 or Section 52 of the CGST Act, a casual taxable person and a non-resident taxable person shall furnish an annual return along with audited financial statements in *Form GSTR-9* on or before the 31<sup>st</sup> day of December following the end of such financial year.

Further, every electronic commerce operator required to collect tax at source under Section 52 of the CGST Act shall furnish an annual statement in *Form GSTR-9B* on or before the 31<sup>st</sup> day of December following the end of such financial year.

Every registered person other than those referred to in the second proviso to Section 44, an ISD a person paying tax under Section 51 or Section 52, a casual taxable person, and a non-resident taxable person, whose aggregate turnover during a financial year exceeds Rs. 5 crore rupees shall furnish a self-certified reconciliation statement in *Form GSTR-9C* on or before the 31<sup>st</sup> day of December following the end of such financial year, along with the annual return (Form GSTR-9) as aforementioned.

**Note:** *The CGST Act and the CGST Rules have been adopted and enacted by all the States of India on an as-is basis in order to regulate the taxation of goods and services supplied in such States. Therefore, the applicability and compliances as mentioned under the CGST Act and CGST Rules mutatis mutandis apply to the goods and service tax as enforced by the States.*

## 2.) INCOME TAX ACT, 1961 (“IT ACT”) READ WITH INCOME TAX RULES, 1962 (“IT RULES”)

<b><u>Descriptions:</u></b>	<b><u>Contents:</u></b>
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<b><u>Applicability:</u></b>	The IT Act is a central legislation applicable to a taxpayer who has earned income in a given financial year. The IT Act, read with the IT Rules, prescribes certain compliances and recurring returns to be filed by an assessee upon completion of certain events or before the expiration of a time period.
<b><u>Definitions:</u></b>	<ul style="list-style-type: none"> <li>• Income tax is to be paid by every person. The term ‘person’ as defined under Section 2(31) of the IT Act covers in its ambit natural as well as artificial persons.</li> <li>• For the purpose of charging income tax, Section 2(31) of the IT Act defines a ‘person’ to include: <ul style="list-style-type: none"> <li>(a) Individual;</li> <li>(b) Hindu undivided family;</li> <li>(c) Association of persons;</li> <li>(d) Body of individuals;</li> <li>(e) firms;</li> <li>(f) Limited liability partnerships;</li> <li>(g) Companies;</li> <li>(h) Local authority; and</li> <li>(i) any artificial juridical person not covered under any of the above.</li> </ul> </li> </ul>
<b><u>Registration:</u></b>	<ul style="list-style-type: none"> <li>• PAN Registration:</li> </ul> <p>Section 139A of the IT Act lays down the requirement for obtaining a PAN registration upon satisfying the criteria as laid down under the IT Act.</p> <p>Every person:</p> <ul style="list-style-type: none"> <li>(a) if his total income or the total income of any other person in respect of which he is assessable under the IT Act during any previous year exceeded the maximum amount which is not chargeable to income tax; or</li> <li>(b) carrying on any business or profession whose total sales, turnover or gross receipts are or are likely to exceed Rs. 5 lakhs in any previous year; or</li> <li>(c) who is required to furnish a return of income under Section 139(4A) of the IT Act; or</li> <li>(d) being an employer who is required to furnish a return of fringe benefits under Section 115WD of the IT Act; or</li> </ul>

	<p>(e) being a resident, other than an individual, which enters into a financial transaction of an amount aggregating to Rs. 2,50,000/- or more in a financial year; or</p> <p>(f) who is the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer of the person referred to in clause (e) or any person competent to act on behalf of the person referred to in clause (e); or</p> <p>(g) who intends to enter into such transaction as may be prescribed by the income tax department in the interest of revenue, and who has not been allotted a PAN shall apply to the assessing officer for the allotment of a PAN.</p> <ul style="list-style-type: none"> <li>• Tax deduction and collection account number (“TAN”):</li> </ul> <p>Every person deducting tax or collecting tax in accordance with the provisions of Chapter XVII of the IT Act shall apply to the assessing officer for the allotment of a TAN.</p>
<p><b><u>Compliance:</u></b></p>	<ul style="list-style-type: none"> <li>• Every person (employer) who deducts tax at source or collects tax at source is required to submit the details in Challan No. ITNS-281, electronically, by the 7<sup>th</sup> day of the month succeeding the previous month in which such tax was deducted and/or collected at source by a person.</li> <li>• <b><u>Tax deduction at source:</u></b></li> </ul> <p>The person responsible for deducting tax from salaries or any such payment made to an employee is also required to deposit the tax so deducted in the Government account. Such deposit shall be made: (a) within 7 days from the end of the month in which deduction is made; or (b) income-tax is due under Section 192 of IT Act; or (c) on or before the 30<sup>th</sup> day of April where the income or amount is credited or paid to the employee in the month of March.</p> <p>Every person responsible for the deduction of tax in respect of salary paid to an employee shall deliver a statement of deduction of tax made under Section 192 of the IT Act in Form No. 24Q by the 31<sup>st</sup> of the month immediately preceding the end of the quarter.</p> <p>In furtherance to the above, every person deducting tax in accordance with Section 192(1) or Section 192(1A) of the IT Act, as the case may be, furnish to the person to whose account such credit is given, a certificate to the effect that tax has been deducted, and specifying the amount so deducted, the rate at which the tax has been deducted and such other particulars as may be prescribed in Form No. 16A within 15 days from the due date for furnishing the statement in Form No. 24Q.</p>

Further, every person deducting tax in accordance with Section 192(1) or Section 192(1A) of the IT Act, as the case may be, shall furnish to the person to whose account such credit is given, a certificate to the effect that tax has been deducted, and specifying the amount so deducted, the rate at which the tax has been deducted and such other particulars as may be prescribed in Form No. 16 (applicable to financial institutions, entities or people) by 15<sup>th</sup> day of June of the financial year immediately following the financial year in which the income tax was paid and the tax was deducted.

Any person deducting any sum in accordance with Section 194 – IA of the IT Act shall, after paying the tax deducted to the credit of the Central Government, prepare a statement for such period in accordance with Rule 31A(1)(b)(ii) of IT Rules in Form No. 26Q, and deliver the same to the authority by the 31<sup>st</sup> of the month immediately preceding the end of the quarter.

- **Tax collected at source:**

All sums collected in accordance with the provisions of Section 206C of the IT Act by collectors other than an office of the Government shall be paid to the credit of the Central Government within 1 week from the last day of the month in which such collection has been made.

Every person who collects tax at source shall submit a quarterly statement of tax collected in *Form No. 27EQ* (Corporate and government collectors and the persons who deduct tax.), in accordance with the proviso to Section 206C (3), within 15 days from the end of the quarter.

The return or statement filed on computer media shall be accompanied by Form No. 27A (the persons who deduct tax) furnishing the information specified therein.

Every collector shall submit a certificate to the collectee in *Form No. 27D* (TCS collector), for the tax collected at source in accordance with Section 206C (3) of the IT Act within 15 days from the due date of furnishing Form No. 27EQ (Corporate and government collectors and the persons who deduct tax).

- **Computation of book profit:**

Every company to which Section 115JB of the IT Act applies shall furnish a report in Form No. 29B within 1 month before the due date for furnishing the return of income under Section 139(1) of the IT Act. The form shall be from an accountant certifying that the book profit has been computed in accordance with the provisions of Section 115JB of the IT Act.

- **Computation of alternate minimum tax and adjusted total income:**

Every person to whom Section 115JC of the IT Act applies shall obtain a report in Form No. 29C certifying that the adjusted total income and the alternate minimum tax have been computed in accordance with the provisions of Section 115JC of the IT Act. Such report shall be furnished 1 month before the due date for furnishing the return of income under Section 139(1) of IT Act.

- **Double taxation:**

Every person being a constituent entity, resident in India, of an international group, shall keep and maintain such information and document in respect of an international group in *Form No. 3CEAB* within a period of 6 months from the end of the financial year. Further, such person shall also report to the appropriate authority in respect of an international and specified domestic transaction.

Every person who has entered into an international transaction or specified domestic transaction during a previous year shall obtain a report from an accountant and furnish such report in *Form No. 3CEB* 1 month before the due date for furnishing the return of income under Section 139(1) of IT Act.

- **Income tax returns:**

Every person being an individual, Hindu undivided family, and a firm (other than a LLP) and having total income up to Rs. 50 lakhs and having income from business and profession which is computed under Sections 44AD, 44ADA or 44AE of the IT Act shall furnish the return of income in *Form ITR-4 SUGAM* by July 31<sup>st</sup> of the year succeeding the financial year.

Every person not being an individual or a Hindu undivided family or a company or a person to which Rule 12(1)(g) of the IT Rules applies shall furnish the return of income in *Form ITR-5* by July 31<sup>st</sup> of the year succeeding the financial year.

***Note:*** *From the perspective of start-ups, critical tax exemptions or benefits have been covered under this Manual and the same are as follows:*

***1) Exemption under Section 80-IAC of the IT Act:***

*An eligible start-up may apply for a tax exemption under the Section 80-IAC of the IT Act which states that an eligible start-up can avail a 100% tax exemption on the profits and gains earned from the eligible business for three (3) consecutive financial years out of its first seven (7) years from the date of its incorporation.*

*The tax exemption is applicable to an eligible start-up that is not formed by splitting up, or the reconstruction of a business already in existence, and that is not formed by the transfer to a new business of plant or machinery previously used for any purpose.*

*For the purpose of this note, an “eligible business” shall mean a business carried out by an eligible start-up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation. Further, an “eligible start-up” shall mean a company or a limited liability partnership engaged in eligible business which fulfils the following criterias:*

- (a) it is incorporated on or after April 1, 2016 but before April 1, 2021,*
- (b) the total turnover of its business does not exceed twenty-five (25) crore rupees in the previous year relevant to the assessment year,*
- (c) it holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government.*

**2) Exemption under Section 56(2)(viib) of the IT Act:**

*Eligible start-ups are exempted from paying tax on any consideration received by the start-up for the issue of shares at a value which is more than the fair market value if:*

- (a) it has been recognised by the DPIIT or DIPP, as the case may be,*
- (b) the aggregate amount of paid-up share capital and share premium of the start-up after issue or proposed issue of share, if any, does not exceed, twenty-five (25) crore rupees.*
- (c) it has not invested in any of the following assets:*
  - (i) Building or land appurtenant thereto, being a residential house, other than that used by the start-up for the purpose of renting or held by it as stock-in-trade, in the ordinary course of business,*
  - (ii) Land or building, or both, not being a residential house, other than that occupied by the start-up for the purpose mentioned in sub-clause (c) (i) above,*
  - (iii) Loans and advances, other than the loans and advances extended in the ordinary course of business by the start-up where the lending of money is a substantial part of its business,*
  - (iv) Capital contribution made to any other entity,*
  - (v) Shares and securities,*

- (vi) *A motor vehicle, aircraft, yacht or any other mode of transport, the actual cost of which exceeds ten (10) lakh rupees, other than that held by the start-up for the purpose of plying, hiring, leasing or as stock-trade, in the ordinary course of business,*
- (vii) *Jewellery other than that held by the start-up as stock-in-trade in the ordinary course of business,*
- (viii) *immovable property (land or buildings), shares and securities, jewellery, archaeological collections, drawings, paintings, sculptures, any work of art, and bullion.*

*Provided that the start-up shall not invest in any of the assets specified in sub-clauses (i) to (viii) for a period of seven (7) years from the end of the latest financial year in which shares are issued at premium.*

*For the purpose of this note, while computing the aggregate amount of paid-up share capital, the amount of paid-up share capital and share premium of twenty-five (25) crore rupees in respect of shares issued to any of the following persons shall not be included:*

- (i) a non-resident, or*
- (ii) a venture capital company or a venture capital fund.*

*The considerations received from a specified company for shares issued or proposed to be issued by the start-up are exempt from being included in the calculation of the aggregate amount of paid-up share capital and share premium of twenty-five (25) crore rupees. Please note that a "specified company" shall mean a company whose share are frequently traded as per SEBI regulations and either its net worth in the last financial year exceeded one hundred (100) crore rupees or its turnover in the preceding financial year exceeded two-hundred fifty (250) crore rupees.*

*Further, start-ups that fulfil the conditions specified above shall submit to the Department for Promotion of Industry and Internal Trade (DPIIT), a duly signed Form-2 declaration certifying that the start-up has complied with above requirements.*

- **Auditing of accounts:**

Certain persons who carry on their business or profession and who are required by or under any other law to get their accounts audited shall furnish the report of such audit of accounts in *Form No. 3CA* 1 month before the due date for furnishing the return of income under Section 139(1) of IT Act.

Certain persons who carry on their business or profession and who are not required by or under any other law to get their accounts audited shall furnish the report of such audit of accounts in *Form No. 3CB* 1 month before the due date for furnishing the return of income under Section 139(1) of IT Act.

Every person shall furnish the particulars as required to be furnished under Section 44AB of the IT Act in *Form No. 3CD* 1 month before the due date for furnishing the return of income under Section 139(1) of the IT Act along with the statement of particulars annexed to *Form No. 3CA* or *Form No. 3CB*, as the case may be.

- **PAN Registration:**

An application for allotment of PAN is to be made in *Form 49A* by Indian Citizens/Indian companies/entities incorporated in India/unincorporated entities formed in India.

However, an application for allotment of PAN is to be made in *Form 49AA* by a person *not* being an Indian citizen/companies/entities incorporated in India/unincorporated entities formed in India.

- **TAN Registration:**

- Every person deducting tax or collecting tax in accordance with the provisions of the IT Act shall apply to the assessing officer for the allotment of a TAN in *Form No. 49B*.

3.) **THE KARNATAKA TAX ON PROFESSION, TRADES, CALLINGS AND EMPLOYMENTS ACT, 1976 (“KARNATAKA PT ACT”) READ WITH THE KARNATAKA TAX ON PROFESSION, TRADES, CALLINGS AND EMPLOYMENTS RULES, 1976 (“KARNATAKA PT RULES”):**

<u>Descriptions</u>	<u>Contents</u>
<u>Applicability</u>	The Karnataka PT Act and Karnataka PT Rules extend to the entire State of Karnataka.
<u>Definition</u>	<ul style="list-style-type: none"> <li>Section 2 (h) of the Karnataka PT Act defines "person" as any person who is engaged in any profession, trade, calling or employment in the State of Karnataka and includes a Hindu undivided family, firm, company, corporation or other corporate body, any society, club or association, so engaged but does not include any person who earns wages on a casual basis.</li> </ul>
<u>Registration</u>	<ul style="list-style-type: none"> <li>An application for a certificate of registration under subsection (1) of Section 5 shall be made in Form-1. An employer having places of work within the jurisdiction of different assessing authorities shall make an application for registration separately to each such authority in respect of his place of work within the jurisdiction of that authority.</li> <li>Every employer or person required to obtain a certificate of registration or enrolment shall, within 90 days from the date of commencement of the Karnataka PT Act or, if he was not engaged in any profession, trade, calling or employment on the date, within 30 days from the date of commencement of his profession, trade, calling or employment, or in respect of a person referred to in sub-section (2) within 30 days of his becoming liable to pay tax at a rate higher or lower than the one mentioned in his certificate of enrolment, apply for a certificate of registration or enrolment, or revised certificate of enrolment, as the case may be, to the assessing authority in the prescribed form, and the assessing authority shall, after such inquiry as it may deem fit within 30 days of the receipt of the application (which period in the first year from the commencement of the Karnataka PT Act shall be extended to 90 days), if the application is in order, grant him such certificate.</li> </ul>
<u>Compliance</u>	<ol style="list-style-type: none"> <li><b><u>Annual Statement:</u></b> <ul style="list-style-type: none"> <li>The return under sub-section (1) of Section 6 shall be furnished in Form-5</li> <li>Every employer registered under the Karnataka PT Act, shall furnish to the assessing authority within 60 days of the expiry of the year, a return in the prescribed form showing therein the salaries and wages paid by him and the amount of tax deducted by him in respect thereof during the preceding year.</li> </ul> </li> <li><b><u>Payment of Tax in advance:</u></b> <ul style="list-style-type: none"> <li>The statement under sub –section (1) of Section 6-A shall be in Form 5-A and shall be sent in duplication to the assessing authority, within the time specified in Section 6-A.</li> <li>Every employer registered under the Karnataka PT Act, shall furnish to the assessing authority within 20 days of the expiry of a month, a statement in the prescribed form, showing therein the salary and wages paid by him and the amount of tax deducted by him in respect thereof during the month immediately preceding that month.</li> </ul> </li> </ol>

## II. COMPLIANCES UNDER PARTNERSHIP LAWS

### 1.) INDIAN PARTNERSHIP ACT, 1932 (“Partnership Act”):

<u>Descriptions:</u>	<u>Contents:</u>
<u>Applicability:</u>	The Partnership Act is applicable to <b>the whole of India</b> . It was enacted by the Central Government to regulate, amend and define the laws related to Partnerships in India.
<u>Definitions:</u>	<ul style="list-style-type: none"> <li>• <b>Section 2 (b)</b> of the <b>Partnership Act</b> defines the term “<b>Business</b>” and states that the term includes every trade, profession and occupation.</li> <li>• Section 4 of the Partnership Act defines the terms “<b>Partnership</b>”, “<b>Partner</b>”, “<b>Firm</b>”, and “<b>Firm Name</b>”.               <ol style="list-style-type: none"> <li>i.) ‘<b>Partnership</b>’ is defined as the relation between the persons who have agreed to share the profits of a business carried on by all or any of them acting for all.</li> <li>ii.) ‘<b>Partners</b>’ are defined as persons who have entered into a partnership with one another.</li> <li>iii.) ‘<b>A Firm</b>’ is defined as the persons entering a partnership with one another collectively.</li> <li>iv.) ‘<b>Firm Name</b>’ is defined as the name under which their business is carried on.</li> </ol> </li> </ul>
<u>Registration:</u>	<ul style="list-style-type: none"> <li>• <b>Section 58 of the Partnership Act</b> discusses the <b>application process for the registration of a partnership firm</b>. The Partnership Act requires the firm seeking registration to send a statement, in the prescribed form accompanied with the fee, by post directly to the registrar of the respective area in which the business is situated. This statement must be signed by all the partners of the firm, and verification is needed.</li> <li>• <b>Section 59 of the Partnership Act</b> deals with the <b>registration of the firm</b>. The registrar will record an entry of a statement in the register called the register of firms (“<b>ROF</b>”) and will file the statement after being <b>satisfied that the provisions of Section 58 of the Partnership Act are complied with</b>. Then, the firm will be a registered firm.</li> <li>• <b><u>Effects of non- registration:</u></b>   <b>Section 69 of the Partnership Act</b> discusses the <b>effects of non-registration of a partnership firm</b> within the prescribed time. The said Section states that –               <ol style="list-style-type: none"> <li>i.) No suit to enforce a right arising from a contract or conferred by the Partnership Act can be instituted in any court by or on behalf of any person suing as a partner in a firm against the firm or any person alleged to be a partner or has been one in the firm unless the firm is registered and the person suing is shown as a partner in the ROF.</li> </ol> </li> </ul>

	<p>ii.) No suit to enforce any right arising from the contract to be instituted in any court on behalf of the firm against the third party unless the firm is registered, and the person suing is shown as a partner in the ROF.</p> <p>iii.) No suit to enforce any right for the dissolution of a firm or for accounts of a dissolved firm in any court against any person suing as a partner against the firm or a partner for dissolving the firm or dealing with its assets after the dissolution unless the firm is registered and the person suing is shown as a partner in the ROF. However, the firm must be registered unless you are suing as the heir or legal representative of a deceased partner.</p> <p>iv.) The above-mentioned provisions will apply to a claim of set-off or other proceedings. However, these rules will not apply to –</p> <p>a.) The firms that are constituted for up to 6 months or with a capital of up to Rs.2,000/-.</p> <p>b.) The authority of certain officials or courts to handle cases involving partners who are insolvent.</p> <p>c.) Small lawsuits involving a claim of less than Rs. 100/- depending on the location of the lawsuit.</p>
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## 2.) KARNATAKA (PARTNERSHIP OF FIRMS) RULES, 1954:

<u>Descriptions</u>	<u>Contents</u>
<b><u>Applicability:</u></b>	The Karnataka Partnership Rules <b>apply to any partnership within the State of Karnataka</b> . The Karnataka Partnership Rules provide for the regulation and governance of the procedure of the partnerships in the State of Karnataka.
<b><u>Registration:</u></b>	<ul style="list-style-type: none"> <li>• <b>The Karnataka Partnership Rules</b> provide that the statements submitted by the firm to the registrar under Sections 58 and 60 of the Partnership Act shall be in <b>Form I</b> and include all the details of the firm prescribed, along with the signatures of all the partners and due verification. If the statement is signed by a specially authorized agent, then the original power of attorney or an express letter of authority must also be submitted by the partners.</li> <li>• The <b>due date</b> to register the firm is <b>within a period of 1 year</b> from the date of constitution of the firm. The firm, if not registered within the prescribed period under the Partnership Act, will lose its benefits/ rights as mentioned under the ‘effects of non-registration’ (as mentioned hereinabove).</li> </ul>

### III. COMPLIANCES UNDER MUNICIPAL LAWS

#### 1.) KARNATAKA MUNICIPAL CORPORATE ACT, 1976 (“Karnataka Municipal Act”)

Descriptions	Contents
<b><u>Applicability:</u></b>	The Karnataka Municipal Act shall be applicable to only municipal corporations (urban local bodies in developed urban areas) within the State of Karnataka and the purpose of the Karnataka Municipal Act is to consolidate and amend the laws, regulations and procedures relating to the municipal corporations in the State of Karnataka.
<b><u>Compliance:</u></b>	<b>Section 353 of the Karnataka Municipal Act</b> states that: i.) No place within the within the city limits can be used for any purpose mentioned in Schedule X of the Karnataka Municipal Act without a license obtained from the commissioner. If required by the corporation, then the commissioner will issue a notification in the official gazette that within the 5 kms radius of the city limits no place can be used for any purpose without the license. ii.) The owner of place for which the license is required must apply to the commissioner within 30 days before the place is used or within 30 days of the notification of the gazette. <b>iii.) The license will expire after 5 years from the date of its grant, and the application for renewal must be made 30 days before the expiry the of the license.</b>

#### 2.) KARNATAKA MUNUCIPALITIES ACT, 1964 (“Karnataka Municipalities Act”)

Descriptions	Contents
<b><u>Applicability:</u></b>	The Karnataka Municipalities Act shall be applicable to all the municipalities other than the municipal corporations. The applicability extends to town municipalities, city municipalities and town panchayats within the entire State of Karnataka. The purpose of the Karnataka Municipalities Act is to amend and consolidate the law relating to the management of municipal affairs in towns and cities in the State of Karnataka.
<b><u>Compliance:</u></b>	<b>Section 256 of the Karnataka Municipalities Act</b> states that: iv.) No place within the city limits can be used for any purposes mentioned in Part I and II of <b>Schedule XIII</b> of the Karnataka Municipalities Act without a license obtained from the commissioner. If required by the corporation, then the commissioner will issue a notification in the official gazette that within the 5 kms radius of the city limits, no place can be used for any purpose without the license.

#### 3.) THE BRUHAT BENGALURU MAHANAGARA PALIKE ACT, 2020 (“Bengaluru Municipal Act”)

<b>Descriptions</b>	<b>Contents</b>
<b>Applicability:</b>	The Bengaluru Municipal Act is applicable to all the municipalities within the city of Bengaluru. It is an Act to provide for an independent legislation for the purposes of improving decentralization, integration of public participation at various levels of municipal governance, and ensuring efficient decision making by the Bruhat Bengaluru Mahanagara Palike.
<b>Compliance:</b>	Section 307 of the Bengaluru Municipal Act states that whenever it is provided in the Bengaluru Municipal Act that a license or a written permission may be given for any purpose such- i.) Licence or written permission shall specify the period for which and the restrictions and conditions subject to which the same is granted and shall be given under the signature of the zonal commissioner or a corporation officer empowered to grant the same for that particular zone. ii.) Every application for license shall be subject to the payment of such fee as may be fixed by the corporation as prescribed.

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#### IV. COMPLIANCES UNDER LABOUR LAWS

##### 1.) CENTRAL LEGISLATIONS:

##### a) SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 (“POSH Act”):

<u>Descriptions</u>	<u>Contents</u>
<b><u>Applicability:</u></b>	<p>The POSH Act <b>applies to the whole of India</b>. It is applicable to <b>every work place</b> as mentioned under <b>Section 2 (o) (ii) of the POSH Act</b> and, without limitation, includes –</p> <ol style="list-style-type: none"> <li>i.) a private sector organization or a private venture;</li> <li>ii.) undertaking;</li> <li>iii.) enterprise;</li> <li>iv.) institution;</li> <li>v.) establishment;</li> <li>vi.) society;</li> <li>vii.) trust non- governmental organization; and</li> <li>viii.) unit or service provider carrying on commercial, professional, vocational, educational, entertainment, industrial, health services or financial activities, including production, supply, sale, distribution or service.</li> </ol>
<b><u>Definitions:</u></b>	<ul style="list-style-type: none"> <li>• <b>Section 2 (g) of the Act</b> defines an “<b>employer</b>” with respect to any department, organisation, undertaking, establishment, enterprise, institution, office, branch or unit of the appropriate Government or a local authority, the head of that department, organisation, undertaking, establishment, enterprise, institution, office, branch or unit. Further, in relation to any workplace not covered hereinabove, any person responsible for the management, supervision and control of the workplace.</li> <li>• <b>Section 2 (f) of the Act</b> defines an “<b>employee</b>” as a person employed at a workplace for any work on regular, temporary, ad hoc or daily wage basis, either directly or through an agent, including a contractor, with or, without the knowledge of the principal employer, whether for remuneration or not, or working on a voluntary basis or otherwise, whether the terms of employment are express or implied and includes a co-worker, a contract worker, probationer, trainee, apprentice or called by any other such name.</li> <li>• <b>Section 2 (o) of the Act</b> defines a “<b>workplace</b>” and states that it includes-             <ol style="list-style-type: none"> <li>i) any department, organisation, undertaking, establishment, enterprise, institution, office, branch or unit which is established, controlled, owned or wholly or substantially financed by funds provided directly or indirectly by the appropriate Government or the local authority or a government company or a corporation or a co-operative society,</li> <li>ii) any private sector organisation or a private venture, undertaking, enterprise, institution, establishment, society, trust, non-governmental organisation, unit or service provider carrying on commercial, professional, vocational, educational, entertainment, industrial, health services or financial activities including production, supply, sale, distribution or service,</li> </ol> </li> </ul>

	iii) hospitals or nursing homes, iv) any sports institute, stadium, sports complex or competition or games venue, whether or not used for training, sports or other activities, v) any place visited by the employee arising out of or during the course of employment, including transportation provided by the employer for undertaking such journey, vi) a dwelling place or a house.
<b><u>Registration:</u></b>	NA
<b><u>Compliance:</u></b>	The employer shall constitute an internal complaints committee and shall prepare and submit an annual report consisting of the number of cases filed, if any, and their disposal to the district officer.

**b) CODE OF WAGES, 2019 (“Wages Code”):**

<b><u>Descriptions</u></b>	<b><u>Contents</u></b>
<b><u>Applicability:</u></b>	The Code on Wages, 2019 is a central legislation applicable to the whole of India. The Wages Code subsumes and replaces the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976. It applies to all establishments, employers and employees, irrespective of the number of employees, unless specifically exempted by the appropriate government. The Central Government is the appropriate government in respect of establishments carried on by or under its authority, railways, mines, oilfields, major ports, air transport services, telecommunications, banking and insurance establishments.
<b><u>Definitions:</u></b>	<ul style="list-style-type: none"> <li>Section 2(l) defines “<b>employer</b>” as a person who employs, whether directly or through any person, one or more employees in his establishment and includes the owner or occupier of the establishment, manager, managing director, or any person responsible for supervision and control of employees including contractor and legal representative of a deceased employee.</li> <li>Section 2(k) defines “<b>employee</b>” as any person employed on wages by an establishment to do any skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical work for hire or reward, whether the terms of employment are express or implied, and includes a person declared to be an employee by the appropriate government, but excludes members of the armed forces.</li> <li>Section 2(y) defines “<b>wages</b>” to mean all remuneration capable of being expressed in monetary terms, including basic pay, dearness allowance and retaining allowance, but excludes statutory bonuses, house rent allowance, overtime wages, conveyance allowance, gratuity, retrenchment compensation and value of any amenities/ services excluded from the computation of wages by a general or special order of the appropriate government, subject to the prescribed wage composition thresholds.</li> </ul>
<b><u>Registration:</u></b>	Every establishment to which the Wages Code applies is required to be registered electronically on the Shram Suvidha Portal, in accordance with the procedures prescribed by the Central Government. Details relating to the establishment, employer, nature of business, employee strength and any other information required are to be furnished at the time of registration and updated periodically, post notification by the state government.

**Compliance:**

- Every employer is mandatorily required to ensure that wages paid to employees are not less than the minimum wages notified by the appropriate government for the relevant category of employment, skill level, location and class of establishment. Payment of wages below the notified minimum wages is prohibited, and any agreement or contract stipulating wages lower than the minimum wages shall be null and void to that extent.
- The employer shall ensure timely payment of wages within the prescribed timelines, i.e., before the expiry of 7th day of the succeeding month. In the event of termination, dismissal, resignation or retrenchment, wages shall be paid within two working days from the date on which such employment ceases.
- In respect of employees engaged daily basis, the wages shall be paid at the end of the shift and for weekly basis, the Employer shall ensure payment of wages on last working day of the week (before the weekly holiday)
- Wages shall be paid only in current coin, currency notes, cheque, or electronic transfer to the employee's bank account. Payment of wages in kind is not permitted except to the extent specifically authorised by the appropriate government.
- The employer shall ensure that the wage structure complies with the statutory definition of "wages" under the Wages Code, including adherence to prescribed limits on exclusions, such as allowances and perquisites. Where excluded components exceed the permissible threshold, such excess shall be deemed to form part of wages for compliance purposes.
- The employer may make deductions from wages only in accordance with the provisions of the Wages Code and rules made thereunder, including deductions for absence from duty, fines, advances, recovery of loans, statutory dues and other authorised deductions. The total deductions in a wage period shall not exceed 50% of the wages payable to an employee.
- The employer is required to issue wage slips to every employee in the prescribed format, either electronically or in physical form, prior to or at the time of payment of wages, containing particulars of wages earned, deductions made and net wages paid.
- Every employer shall maintain registers of employees, wages, attendance, overtime, deductions and fines, either electronically or otherwise, in the form prescribed under the Wages Code read with state rule. Such records shall be preserved for the prescribed period and shall be produced for inspection as and when required by the Inspector-cum-Facilitator.
- The employer is required to display at a conspicuous place in the establishment notices containing the applicable minimum wage rates, wage period, payment dates and contact details of the Inspector-cum-Facilitator, in such manner as may be prescribed.
- Employers shall furnish periodic returns electronically through the Shram Suvidha Portal, containing details of employment, wages paid and statutory compliances, in accordance with the timelines and formats prescribed by the appropriate government.

	<ul style="list-style-type: none"> <li>• Employers are required to extend full cooperation to the Inspector-cum-Facilitator during inspections conducted under the web-based inspection scheme, including providing access to premises, registers, wage slips and electronic records, and furnishing explanations or clarifications as sought.</li> <li>• The Employer shall strictly comply with all orders, directions, or awards passed by the competent authority in relation to wage claims under applicable labour laws, including the payment of any wage shortfall, compensation, interest, or penalties, within the timelines stipulated in such orders and without delay.</li> <li>• The employer shall ensure equal remuneration to employees of all genders for the same work or work of similar nature and shall not discriminate in matters of wages, recruitment, promotion, training or transfer on the ground of gender.</li> <li>• Failure to comply with the provisions of the Wages Code relating to payment of minimum wages, timely payment of wages, maintenance of records or filing of returns may result in monetary penalties and/or imprisonment, with enhanced penalties for repeat offences.</li> </ul> <p><i><b>Note: Start-ups are permitted to avail self-certification under the Wages Code through the Shram Suvidha Portal, subject to compliance with notified schemes. For a specified initial period, inspections shall be conducted only on receipt of a credible and verifiable complaint, with prior approval of a senior officer, in accordance with the applicable start-up compliance framework.</b></i></p>
<b><u>Minimum Wages</u></b>	The appropriate government is empowered to fix minimum wages for different categories of employees based on skill level, geographical location and nature of work. The Central Government notifies floor wages, below which no state government can fix minimum wages. Employers are prohibited from paying wages less than the notified minimum wages and are required to revise wages whenever the minimum wages are revised by the appropriate government.
<b><u>Deductions</u></b>	Deductions from wages are permitted only as expressly provided under the Wages Code, including deductions for fines, absence from duty, recovery of advances, income tax, statutory contributions and other authorized deductions. Total deductions shall not exceed 50% of the wages payable to an employee in a wage period.
<b><u>Equal Remuneration</u></b>	The employer is prohibited from discriminating on the basis of gender in matters relating to wages, recruitment, conditions of employment, promotions or transfers, for the same work or work of similar nature.
<b><u>Maintenance of Records and Returns</u></b>	<ul style="list-style-type: none"> <li>• Every employer is required to maintain registers and records relating to employees, including particulars of name, designation, category of employment, wage period, wages payable, wages paid, deductions made, overtime worked, fines imposed (if any), and attendance. Such registers may be maintained electronically or in physical form in the manner and format prescribed under the Code on Wages, 2019 and the rules framed thereunder.</li> <li>• All registers, wage slips and related records shall be preserved for the prescribed period and shall be made available for inspection by the Inspector-cum-Facilitator or any other authorised authority upon demand.</li> </ul>

	<ul style="list-style-type: none"> <li>• The employer shall issue wage slips to each employee in the prescribed format, either in electronic or physical form, prior to or at the time of payment of wages. Wage slips shall contain details of the wage period, rate of wages, total wages earned, deductions made, statutory contributions, and net wages payable.</li> <li>• Where employees are employed through contractors, the employer and contractor shall ensure maintenance of appropriate contract labour wage and attendance records, and the principal employer shall ensure that such records are properly maintained and produced when required.</li> <li>• Employers are required to furnish periodic and annual returns electronically through the Shram Suvidha Portal, containing particulars of employment, wages, deductions and compliance with statutory obligations, in such form, manner and timelines as may be prescribed by the appropriate government.</li> <li>• Any change in establishment particulars, including change in ownership, management, address or nature of business, shall be promptly updated on the Shram Suvidha Portal in accordance with prescribed procedures.</li> </ul>
<p><b><u>Inspection and Compliance</u></b></p>	<ul style="list-style-type: none"> <li>• The Code on Wages, 2019 introduces a web-based and risk-based inspection system, aimed at ensuring transparency, accountability and reduced discretion. Inspections are allotted electronically through a centralised system and inspection reports are generated online.</li> <li>• Inspectors-cum-Facilitators are empowered to enter establishments, examine registers, wage slips and electronic records, interview employees, and verify compliance with wage-related provisions. They are also authorised to advise and guide employers for effective compliance with the provisions of the Code.</li> <li>• Employers are required to produce all records, registers, wage slips and documents, whether in physical or electronic form, and furnish information, explanations or clarifications sought by the Inspector-cum-Facilitator during the course of inspection.</li> <li>• Where non-compliance is observed, the Inspector-cum-Facilitator may issue directions to the employer for rectification of defects within the prescribed timeframe and may initiate further proceedings in accordance with law in case of continued non-compliance.</li> <li>• In establishments engaging contract labour, inspections may also extend to contractors, and the principal employer may be held responsible for ensuring compliance in respect of wage payments and maintenance of records.</li> </ul>
<p><b><u>Penalties</u></b></p>	<ul style="list-style-type: none"> <li>• Any employer who fails to pay minimum wages, pays wages less than the amount due, or delays payment of wages shall be liable to penalties as prescribed under the Wages Code, including monetary fines which may extend to fifty thousand rupees and/ or imprisonment for a term which may extend to three months or both.</li> <li>• Failure to maintain prescribed registers, issue wage slips, file returns, or comply with inspection requirements may attract</li> </ul>

	<p>monetary penalties which may extend to fifty thousand rupees as specified under the Wages Code.</p> <ul style="list-style-type: none"> <li>• In the event of a second or subsequent offence, enhanced penalties, including higher fines and longer terms of imprisonment which may extend to three months, may be imposed.</li> <li>• Certain offences under the Wages Code may be compounded, subject to payment of the prescribed compounding amount and compliance with specified conditions, as may be notified by the appropriate government.</li> <li>• Where an offence is committed by a company, every person who was in charge of and responsible for the conduct of the business of the establishment at the time of the offence may be deemed guilty, unless such person proves that the offence was committed without his knowledge or despite due diligence.</li> </ul>
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c) **CODE OF SOCIAL SECURITY, 2020 (“SOCIAL SECURITY CODE”)**

<b>Descriptions</b>	<b>Contents</b>
<b><u>Applicability:</u></b>	The Code on Social Security, 2020 is a central legislation applicable to the whole of India. The Social Security Code consolidates and subsumes the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, the Employees’ State Insurance Act, 1948, the Payment of Gratuity Act, 1972, the Maternity Benefit Act, 1961, the Employees’ Compensation Act, 1923, and certain other social security enactments. The provisions of the Social Security Code shall apply to such establishments, employers and employees as may be notified by the Central Government. Till the date of full enforcement and notification of the relevant chapters and rules, compliance continues to be governed by the respective existing statutes.
<b><u>Objectives:</u></b>	The Social Security Code seeks to extend social security coverage to employees, workers, gig workers and platform workers, ensure uniformity in definitions, streamline registrations, and provide for provident fund, insurance, gratuity, maternity benefits, compensation and other social security measures.

**Definitions:**

- Section 2(3) of the Code on Social Security, 2020 defines “*appropriate Government*” as the Central Government in relation to establishments carried on by or under its authority, including railways, mines, oilfields, major ports, air transport services, telecommunications, banking and insurance companies, and the State Government in relation to all other establishments.
- Section 2(26) of the Code on Social Security, 2020 defines “*employee*” as any person employed on wages by an establishment to do any work, whether skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical, whether the terms of employment are express or implied, but does not include any member of the armed forces and/or an apprentice engaged under the Apprentices Act, 1961.
- Section 2(27) of the Code on Social Security, 2020 defines “*employer*” as any person who employs one or more employees and includes the owner, occupier, manager, managing director, managing agent or any person responsible for the supervision and control of the establishment.
- Section 2(29) of the Code on Social Security, 2020 defines “*establishment*” as any place where industry, trade, business, manufacture or occupation is carried on and includes factories, shops, offices, mines, ports, commercial establishments and such other units as may be notified by the appropriate government.
- Section 2(88) of the Code on Social Security, 2020 defines “*wages*” as all remuneration expressed in monetary terms, including basic pay, dearness allowance and retaining allowance, but excludes statutory bonus, house rent allowance, overtime wages, conveyance allowance, gratuity, retrenchment compensation value of any amenities/ services excluded from the computation of wages by a general or special order of the appropriate government, subject to the prescribed wage-composition limits.
  - (a) “Employee Provident Fund”- means the provident fund established under the Code on Social Security, 2020 for the purpose of providing retirement benefits to employees, including accumulations, interest and withdrawals, in accordance with the applicable scheme.
  - (b) “Employee State Insurance”- means the insurance scheme formulated under the Code on Social Security, 2020 providing medical, sickness, maternity, disablement and dependent benefits to insured employees, funded through employer and employee contributions.
  - (c) “Insured Person”- means an employee who is registered and covered under the Employees’ State Insurance scheme and in respect of whom contributions are payable under the Code.
- Section 2(21) of the Code of Social Security defines “*Contribution*”- as the amount payable by the employer and/or employee to the central board or corporation.
- Section 2(35) of the Code on Social Security, 2020 defines “*gig worker*” as a person who performs work or participates in a work arrangement and earns from such activities outside of a traditional employer-employee relationship.

	<ul style="list-style-type: none"> <li>Section 2(36) of the Code of Social Security, 2020 defines “<i>home-based worker</i>” as a person engaged in the production of goods or services for an employer in his/her home or a premises of his/her choice other than the workplace of the employer for remuneration irrespective of whether or not the employer provides the equipment materials or other inputs.</li> <li>Section 2(61) of the Code on Social Security, 2020 defines “<i>platform worker</i>” as a person engaged in or undertaking platform work through an online platform which enables individuals or organisations to access such workers for specific services.</li> <li>Section 2(2) of the Code on Social Security, 2020 defines “<i>aggregator</i>” as a digital intermediary or marketplace that connects buyers and service providers, including ride-sharing, food delivery and other technology-based service platforms, as may be notified by the Central Government.</li> </ul>
<b><u>Registration:</u></b>	Every establishment to which the Social Security Code applies is required to obtain registration electronically on the Shram Suvidha Portal, within the prescribed timeframe. Employers are required to furnish details of the establishment, nature of business, number of employees, and such other particulars as may be prescribed, and update the same upon any material change.
<b><u>Provident Fund:</u></b>	The provisions relating to provident fund shall apply to establishments employing such number of employees as may be notified. Employers and employees are required to make statutory contributions at prescribed rates on wages. The employer is responsible for timely deduction and remittance of both employer and employee contributions to the designated fund.
<b><u>Employees State Insurance:</u></b>	Establishments employing employees drawing wages up to the prescribed threshold are required to comply with ESI provisions relating to registration, contribution and coverage. Employers are required to contribute to the ESI fund at the prescribed rates and ensure employee enrolment and benefit access.
<b><u>Gratuity:</u></b>	Employees completing the prescribed period of continuous service shall be entitled to gratuity on termination of employment due to resignation, retirement, death or disablement, in accordance with the provisions of the Social Security Code. Employers are required to calculate and pay gratuity within the prescribed timelines.
<b><u>Employees Compensation</u></b>	Employers are liable to pay compensation to employees in respect of employment-related injury, accident or occupational disease, in accordance with the provisions of the Social Security Code.
<b><u>Gig and Platform Workers:</u></b>	The Social Security Code recognises gig workers and platform workers and provides for formulation of welfare schemes, including cover of life and disability, health benefits and old-age protection, to be funded through specified contributions.
<b><u>Maternity Benefits:</u></b>	Women employees shall be entitled to maternity benefits in accordance with applicable law, including paid maternity leave, medical bonus, leave in the event of miscarriage or medical termination of pregnancy, nursing breaks, crèche facilities, and payment of maternity benefits in the event of the death of a woman entitled to such benefit, to her nominee or legal representative, as prescribed. The Employer shall ensure strict compliance with the prescribed eligibility conditions, timelines for payment and grant of benefits, and shall not discriminate against any woman employee on grounds of maternity or related circumstances.

**Compliance:**

**Registration of Establishment:**

- The employer must obtain registration of the establishment with the appropriate authority under the applicable social security laws, upon the Social Security Code becoming applicable to the establishment. Such registration shall be made electronically through the Shram Suvidha Portal.
- Every establishment to which the Social Security Code applies is required to be registered electronically on the Shram Suvidha Portal, in accordance with the procedures prescribed by the Central Government. Details relating to the establishment, employer, nature of business, employee strength and any other information required are to be furnished at the time of registration and updated periodically, post notification by the state government.

**Provident Fund Contributions:**

- The employer shall deduct employee contributions and make employer contributions to the Provident Fund at the prescribed rate on eligible wages.
- Such contributions shall be electronically deposited through the Electronic Challan-cum-Return (ECR) system.
- The employer shall ensure that contributions are calculated correctly on wages, subject to applicable ceilings.
- The employer shall submit ownership and control details in Form '5A' and notify any change therein.
- An annual statement of contributions in Form '6A' shall be filed at the close of the financial year.

**Employee's State Insurance Contributions:**

- The employer shall insure all eligible employees under the Employees' State Insurance Scheme.
- Employee registration shall be completed using Form '1', and establishment registration using Form '01', as applicable.
- The employer shall deduct employee contributions and deposit employer contributions at prescribed rates on eligible wages.
- In case of employment injury or accident, the employer shall submit an accident report in Form '12'

**Maintenance of Registers and Records**

- The employer shall maintain registers and records relating to employees, attendance, wages, contributions, deductions and benefits in prescribed electronic or physical format.
- Such records shall include wage registers, attendance registers, contribution registers, nomination records and inspection notebooks.
- All records shall be preserved for a period as may be prescribed by state government.
- The employer shall produce such records for inspection whenever demanded by the Inspector-cum-Facilitator or other authorised officer.

**Gratuity Compliance**

- The employer shall pay gratuity to eligible employees upon cessation of employment after completion of qualifying service.
- The employee shall apply for gratuity in Form 'I', and the employer shall issue a notice of payment in Form 'L'.
- In case of delay, the employer shall pay interest as prescribed under law.

#### **Maternity Benefit Compliance**

- The employer shall grant maternity benefit and leave to eligible women employees in accordance with prescribed entitlements.
- Notice for maternity benefit shall be furnished by the employee in Form '1'.
- The employer shall maintain a maternity benefit register in Form '10'.
- Payment of maternity benefit shall be made in accordance with statutory timelines, including advance payment for prenatal leave and timely post-natal payment.

#### **Returns & Electronic Filings**

- The employer shall file all prescribed returns electronically through the designated government portals, including EPFO, ESIC and Shram Suvidha Portal.
- Monthly, half-yearly and annual returns shall be filed within prescribed timelines, without delay.
- The employer shall ensure accuracy and consistency between payroll records and statutory filings.

#### **Inspection & Facilitation**

- The employer shall allow inspections by Inspector-cum-Facilitators conducted under the web-based, risk-based inspection framework.
- All information, records and documents sought during inspection shall be furnished promptly.
- Inspection reports shall be generated electronically, and the employer shall comply with corrective directions, if any.

#### **Penalties & Consequences**

- Failure to register, enroll employees, remit contributions, maintain records or file returns shall attract penalties, including fines, interest and imprisonment as prescribed.
- Repeat offences shall attract enhanced penalties.
- In case of companies, persons in charge of and responsible for conduct of business shall be deemed liable.

#### **Compliance in Respect of Contractors / Immediate Employers**

- Where employees are employed through a contractor or immediate employer, the principal employer shall ensure compliance

with all applicable social security provisions in respect of such employees.

- The employer shall require the contractor to furnish details of employees deployed, wages paid and contributions deducted.
- In the event of default by the employer shall be liable to deposit the contributions, without prejudice to the right to recover the same from the contractor.
- The employer shall maintain contractor-wise records, including agreements, deployment details and contribution challans.

#### **Contribution in Respect of Gig Workers & Platform Workers**

- The employer / aggregator shall contribute to the Social Security Fund for gig workers and platform workers at such rate as may be notified, subject to statutory caps.
- The employer shall furnish details of gig workers/platform workers engaged during the relevant period, including identity details, nature of work and remuneration paid.
- Such contribution shall be deposited electronically in the prescribed manner.
- Returns relating to gig and platform workers shall be filed in such form and within such time as may be notified by the appropriate government.

#### **Unorganised Workers – Registration & Facilitation**

- The employer shall facilitate registration of unorganised workers, including home-based workers and self-employed workers, on the designated portal.
- The employer shall not deny engagement or benefits merely on the ground of non-registration, where facilitation has been provided.

#### **Display of Notices**

- The employer shall display notices at conspicuous places in the establishment containing information relating to employee benefits, contribution rates and contact details of authorities.
- Such notices shall be displayed in English and a language understood by the majority of employees.

#### **Intimation of Changes in Establishment Particulars**

- The employer shall notify the appropriate authority of any change in ownership, management, address, nature of business or control of the establishment.
- Such intimation shall be furnished in the prescribed form, including Form '5A' or its electronic equivalent.

#### **Recovery of Contributions & Dues**

- Any contribution, interest or damages due under the Social Security Code shall be recoverable as arrears of land revenue.
- The employer shall be liable for interest on delayed payment at prescribed rates.
- The employer shall comply with recovery notices, attachment orders or garnishee proceedings initiated by the competent authority.

#### **Appeals**

- Any employer aggrieved by an order passed under the Social Security Code may prefer an appeal before the appropriate appellate authority.
- Mandatory pre-deposit, where prescribed, shall be made before filing the appeal.

#### **Offences by Companies**

- Where an offence is committed by a company, every person who, at the time of the offence, was in charge of and responsible for conduct of business shall be deemed guilty.
- Such persons shall be liable to prosecution, unless they prove lack of knowledge or due diligence.

#### **Compounding of Offences**

- Certain offences under the Code may be compounded upon payment of the prescribed compounding amount.
- Compounding shall be permitted only once for a particular offence.
- Repeat offences shall not be eligible for compounding.

#### **Prohibition on Contracting Out**

- Any agreement whereby an employee relinquishes statutory social security benefits shall be void.
- Employers shall not substitute statutory benefits with private arrangements, unless expressly permitted.

#### **Exemptions**

- The appropriate government may grant exemptions to establishments or classes of employees, subject to conditions.
- The employer shall ensure continued compliance with exemption conditions, including submission of periodic returns.
- Violation of exemption conditions shall result in automatic withdrawal of exemption.

#### **Transitional Compliance**

- Until schemes under the Code are fully notified, compliance shall continue under existing labour laws, including the EPF Act,

	<p>ESI Act, Payment of Gratuity Act and Maternity Benefit Act.</p> <ul style="list-style-type: none"> <li>Employers shall ensure seamless transition, without interruption of employee benefits.</li> </ul>	
<b><u>Inspection</u></b>	The appropriate government appoints Inspectors-cum-Facilitators to examine establishments, registers, records, electronic data and documents. Inspections are risk-based and web-enabled, with electronic inspection reports. Employers must provide full access to records and comply with any corrective directions issued.	
<b><u>Adjudication.</u></b> <b><u>Determination of Dues</u></b>	Questions regarding applicability, employee eligibility, or contributions are determined by the competent adjudicating authority. Employers are issued show-cause notices and are given opportunity of hearing. Orders specify contribution, interest, damages, and benefits payable.	
<b><u>Recovery of Dues</u></b>	Any contributions, interest, or damages determined as payable are recoverable as arrears of land revenue. Recovery may include attachment of bank accounts, movable/immovable property, or garnishee proceedings. Employers must comply within prescribed timelines.	
<b><u>Appeals</u></b>	Employers aggrieved by orders may appeal to the appellate authority within prescribed timeline. Pre-deposit may be required. Delay may be condoned on sufficient cause.	
<b><u>Penalties</u></b>	<b>Descriptions</b>	<b>Contents</b>
	<b>Failure to Register Establishment / Employees</b>	Employers failing to register the establishment or eligible employees attract <b>monetary fines</b> and may be <b>prosecuted</b> . No separate form is required; default is recorded through inspection or portal verification.
	<b>Failure to Remit Contributions (EPF / ESI / Social Security Fund)</b>	Employers failing to deposit employee/employer contributions <b>within due dates</b> are liable for where he commits an offence, with imprisonment for a term which may extend to three years, but (a) which shall not be less than one year, in case of failure to pay the employee's contribution which has been deducted by him from the employee's wages and shall also be liable to fine of one lakh rupees; (b) which shall not be less than two months but may be extended to six months, in any other case and shall also be liable to fine of fifty thousand rupees:
<b>Failure to Maintain Records / Registers / Inspection</b>	Employers failing to maintain registers (employee, wage, attendance, contributions, nomination, inspection notebook) attract <b>monetary penalties</b> . <b>Forms / Registers:</b> Wage	

<b>Notebooks</b>	register, attendance register, EPF Form 5A, ESIC Form 1/3, maternity benefit register (Form 10), inspection notebook. <b>Timeline:</b> On inspection; employer must rectify immediately or within period specified in inspection report.
<b>Delayed or Non-Payment of Benefits (Gratuity / Maternity / Social Security)</b>	Employers failing to pay gratuity, maternity benefits, or other social security benefits within prescribed timelines attract: • <b>Interest on delayed payment</b> • <b>Fines and prosecution Forms:</b> Form I (Gratuity Application), Form L (Gratuity Payment Notice), Form 1 & 10 (Maternity Benefit). <b>Timeline:</b> Gratuity – <b>30 days</b> from becoming payable; Maternity Benefit – <b>48 hours</b> post-document submission; Social Security benefits – as notified.
<b>Adjudication of Dues / Claims</b>	The competent authority issues <b>show-cause notice</b> to the employer; employer may respond and produce records. <b>Determination:</b> Amount of contributions, interest, damages, eligibility of benefits. <b>Forms:</b> No separate statutory form; submission done through portals or written representation. <b>Timeline:</b> As specified in notice (usually <b>15-30 days</b> ) for response.
<b>Recovery of Dues</b>	Amounts determined by the authority are recoverable as <b>arrears of land revenue</b> . Recovery includes attachment of bank accounts, movable/immovable property, or garnishee proceedings. <b>Forms:</b> No separate form; recovery notices issued by competent authority.
<b>Appeals</b>	Employers aggrieved by adjudication orders may appeal to the appellate authority. <b>Forms:</b> Appeal petition in prescribed format (as notified by central/state authority).
<b>Compounding of Offences</b>	Certain offences may be <b>compounded once</b> on payment of prescribed compounding amount. <b>Forms:</b> Application for compounding in the prescribed format (electronic/physical as notified). <b>Timeline:</b> Within period allowed by competent authority; repeat offences are not eligible.
<b>Prosecution</b>	Wilful non-compliance with provisions (non-payment of contributions, non-registration, false records) may result in <b>criminal prosecution</b> . <b>Forms:</b> N/A; complaint filed by authorized officer or with government sanction.
<b>Offences by Companies</b>	When a company commits an offence, <b>persons in charge of and responsible for conduct of business</b> are deemed liable unless they prove <b>due diligence or lack of knowledge</b> .
<b>Protection of Good Faith Actions</b>	No suit or proceedings lie against the government or officers <b>for actions taken in good faith</b> under the Social Security Code.
<b>Overriding Effect / Transitional Compliance</b>	The Code has <b>overriding effect</b> over inconsistent laws or contracts. Employers must continue compliance under existing Acts (EPF, ESI, Gratuity, Maternity) until full notification of the Social Security Code. <b>Forms:</b> Existing statutory forms continue (EPF: 5A, 6A, 11, ESIC: 1, 3, 12, etc.).

d) INDUSTRIAL RELATIONS CODE, 2020 (“IRC”)

Descriptions	Contents
<u>Applicability:</u>	All industrial establishments employing <b>10 or more workers</b> , including factories, shops, plantations, mines, and other notified establishments.
<u>Definitions:</u>	<ul style="list-style-type: none"> <li>• Section 2(l) of the IRC defines “<i>employee</i>” as any person employed on wages by an establishment to do any work, whether skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical, whether the terms of employment are express or implied, but does not include any member of the armed forces and/or an apprentice engaged under the Apprentices Act, 1961.</li> <li>• Section 2(m) of the IRC defines “<i>employer</i>” as any person who employs one or more employees and includes the owner, occupier, manager, managing director, managing agent or any person responsible for the supervision and control of the establishment.</li> <li>• Section 2(q) of the IRC defines “<i>industrial dispute</i>” as any dispute between employers and employees, or between employees and employees, regarding employment, non-employment, terms of employment, or conditions of labour.</li> <li>• Section 2(zl) of the IRC defines “<i>trade union</i>” as any association of workers registered under the provisions of the IRC for the purpose of regulating relations between workers and employers or resolving industrial disputes.</li> <li>• Section 2(t) of the IRC defines “<i>lay-off</i>” as the temporary suspension of work or reduction in wages for a group of employees due to shortage of work, or other circumstances beyond the employer’s control.</li> <li>• Section 2(zh) of the IRC defines “<i>retrenchment</i>” as the termination of employment of a worker for any reason other than disciplinary action or voluntary resignation, as defined under the Code.</li> <li>• Section 2(h) of the IRC defines “<i>closure</i>” as the permanent cessation of operations of an establishment, wholly or partially, requiring prior approval from the appropriate government.</li> <li>• Section 2(i) of the IRC defines “<i>conciliation officer</i>” as a government-appointed officer responsible for mediating industrial disputes between employers and employees.</li> </ul>
<u>Standing Order</u>	<ul style="list-style-type: none"> <li>• Draft and certify Standing Orders detailing employment terms, disciplinary procedures, grievance redressal, and working conditions.</li> <li>• Submit Standing Orders to Certifying Officer for approval.</li> <li>• Maintain accessible copies for employees.</li> </ul>
<u>Trade Union Registration</u>	<ul style="list-style-type: none"> <li>• Employers must recognize registered trade unions if they have majority representation.</li> <li>• Registration of unions through Form A with Registrar of Trade Unions.</li> <li>• Ensure union activities comply with IRC provisions.</li> </ul>
<u>Lay-off/Retrenchment/Closure</u>	<ul style="list-style-type: none"> <li>• Lay-Off: Temporary suspension of work for a group of employees due to shortage of work.</li> <li>• Retrenchment: Termination of service for redundancy, requiring prior notice to government and employees.</li> <li>• Closure: Ceasing operations, requiring prior government approval.</li> </ul>

	<ul style="list-style-type: none"> <li>Forms / Notices: Form A / B (as notified by the government).</li> </ul>
<b><u>Industrial disputes Resolution</u></b>	<ul style="list-style-type: none"> <li>Initial disputes addressed through Works Committee or Conciliation Officer.</li> <li>Escalate to Labour Court / Industrial Tribunal / National Tribunal if unresolved.</li> <li>Authorities can summon parties, examine evidence, and issue awards</li> </ul>
<b><u>Forms/ Registers</u></b>	<ul style="list-style-type: none"> <li>Form A / B: Notice of closure/retrenchment.</li> <li>Trade Union registration forms.</li> <li>Standing Orders submission form.</li> </ul>
<b><u>Inspection/ Authority</u></b>	<ul style="list-style-type: none"> <li>Labour Inspectors / Conciliation Officers: Inspect records, verify notices, ensure compliance.</li> <li>Labour Courts / Tribunals: Adjudicate disputes and supervise settlements.</li> </ul>
<b><u>Penalties</u></b>	<ul style="list-style-type: none"> <li>Non-compliance with Standing Orders: Fine up to ₹50,000.</li> <li>Illegal retrenchment/closure/violation of dispute resolution rules: Fine up to ₹50,000 and/or imprisonment up to 1 year.</li> <li>Repeat offences: enhanced penalties.</li> </ul>

e) **OCCUPATIONAL SAFETY, HEALTH & WORKING CONDITIONS (OSHC) CODE, 2020 (“OSHC CODE”)**

<b>Descriptions</b>	<b>Contents</b>
<b><u>Applicability:</u></b>	All establishments employing 10 or more workers, including factories, plantations, mines, docks, construction sites, shops, and other establishments notified by the government.
<b><u>Definitions:</u></b>	<ul style="list-style-type: none"> <li>Section 2(t) of the OSHWC Code defines “<i>employee</i>” as any person employed on wages by an establishment to do any work, whether skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical or clerical, whether the terms of employment are express or implied, but does not include any member of the armed forces and/or an apprentice engaged under the Apprentices Act, 1961.</li> <li>Section 2(u) of the OSHWC Code defines “<i>employer</i>” as any person who employs one or more employees and includes the owner, occupier, manager, managing director, managing agent or any person responsible for the supervision and control of the establishment.</li> <li>Section 2(zs) of the OSHWC Code defines “<i>occupier</i>” as the owner, lessee, or manager of the establishment who is responsible for overall compliance with occupational safety, health, and welfare provisions under the Code.</li> <li>Section 2(v) of the OSHWC Code defines “<i>establishment</i>” as any factory, shop, commercial or industrial establishment, plantation, mine, dock, construction site, or other workplace notified by the appropriate government.</li> <li>Section 2(ze) of the OSHWC Code defines “<i>inspectors</i>” as government-appointed officers authorized to inspect establishments, verify compliance with safety, health, and welfare provisions, and issue directions or notices for corrective measures.</li> </ul>
<b><u>Registration:</u></b>	<ul style="list-style-type: none"> <li>Every establishment must register with the appropriate government before commencing operations (Section 7).</li> <li>Employer must submit application with details: name, address, nature of establishment, number of employees, welfare and safety facilities, and digital KYC if applicable.</li> </ul>

	<ul style="list-style-type: none"> <li>• Temporary or permanent registration certificate issued upon verification; must be prominently displayed.</li> <li>• Renewal required periodically; change in particulars must be notified within 30 days.</li> <li>• Digital registration via Shram Suvidha Portal may be mandated.</li> <li>• Penalty for non-registration/false registration: up to ₹50,000 or higher for repeated violations.</li> </ul>
<b><u>Compliance:</u></b>	<ul style="list-style-type: none"> <li>• Every employer is required to maintain the following registers: (a) a register for computation of allocable surplus in Form 'A'; (b) a register for set-on and set-off of allocable surplus in Form 'B'; (c) a register for details of the amount of bonus due to each employee, details of deductions and amount actually disbursed in Form 'C'.</li> <li>• Every employer must, on or before the 1<sup>st</sup> day of February in each year, upload a unified annual return in Form 'D' on the web portal of the Central Government in the Ministry of Labour and Employment, giving information as to the particulars specified in respect of the preceding year.</li> <li>• Every employer must pay the bonus in cash to all the employees within 8 months from the close of the accounting year. In case of a dispute regarding the payment of bonus, then within a month from the date on which the award becomes enforceable, or the settlement comes into operation, in respect of such dispute.</li> </ul>
<b><u>Safety Obligations</u></b>	<ul style="list-style-type: none"> <li>• Provide personal protective equipment (PPE) and ensure safe machinery.</li> <li>• Maintain fire-fighting equipment and first aid facilities.</li> <li>• Conduct periodic risk assessment and safety audits.</li> <li>• Maintain accident and dangerous occurrence registers.</li> <li>• Implement emergency preparedness measures.</li> </ul>
<b><u>Inspection Authority</u></b>	<ul style="list-style-type: none"> <li>• OSHWC Inspectors: authorized to inspect premises, machinery, records, and welfare facilities.</li> <li>• Verify compliance with safety, health, and welfare provisions.</li> <li>• Issue directions for corrective measures.</li> <li>• Employers must provide full access during inspections.</li> </ul>
<b><u>Penalties</u></b>	<ul style="list-style-type: none"> <li>• Contraventions of safety, health, welfare, and registration provisions: fine up to ₹2,00,000.</li> <li>• Serious breaches causing injury or death: imprisonment up to 1 year plus fine.</li> <li>• Repeat offences: enhanced fines and imprisonment.</li> <li>• Employers and occupiers are jointly responsible.</li> </ul>

f) **APPRENTICES ACT, 1961 (“Apprentices Act”) AND APPRENTICES RULES, 1992 (“Apprentices Rules”):**

<b>Descriptions</b>	<b>Contents</b>
<b><u>Applicability:</u></b>	The Apprentices Act applies to every establishment in the whole of India and was introduced with the aim of providing a regulation to control the training of apprentices and matters connected therewith.

<b><u>Definitions:</u></b>	<ul style="list-style-type: none"> <li>• <b>Section 2 (f) of the Apprentices Act</b> defines “<b>employer</b>” as any person who employs one or more other persons to do any work in an establishment for remuneration and includes any person entrusted with the supervision and control of employees in such establishment.</li> <li>• <b>Section 2(aa) of the Apprentices Act</b> defines an “<b>apprentice</b>” as a person who is undergoing apprenticeship training in pursuance of a contract of apprenticeship.</li> <li>• <b>Section 2(g) of the Apprentices Act</b> defines “<b>establishment</b>” as any place where any industry is carried on and where any establishment has different branches or has branches situated in the same place or different places; such departments or branches must be treated as establishments.</li> <li>• <b>Section 2 (h) of the Apprentices Act</b> defines “<b>establishment in the private sector</b>” as an establishment that is not an establishment in the public sector.</li> <li>• <b>Section 2 (i) of the Apprentices Act</b> defines “<b>establishment in the public sector</b>” as an establishment <ul style="list-style-type: none"> <li>i.) controlled, managed and owned by the Government or a department of the Government,</li> <li>ii.) a Government company as defined under the Section 617 of the Companies Act, 1956,</li> <li>iii.) a corporation including a co-operative society established by or under a Central, Provincial or State Act, which is owned, controlled or managed by the Government,</li> <li>iv.) a local authority.</li> </ul> </li> </ul>
<b><u>Registration:</u></b>	NA
<b><u>Compliance:</u></b>	<ul style="list-style-type: none"> <li>• Every employer shall forward a contract of apprenticeship entered between an apprentice and the employer on the portal-site as per Format 1 specified in Schedule III for registration.</li> <li>• Every employer shall maintain a register of attendance of the apprentices undergoing apprenticeship training in his establishment, and action taken for irregular and unauthorised absence shall be recorded in the said register at the end of each month.</li> </ul>

**g) RIGHTS OF PERSONS WITH DISABILITIES ACT, 2016 (“RPDA”):**

<b>Descriptions</b>	<b>Contents</b>
<b><u>Applicability:</u></b>	The RPDA applies to every establishment in the whole of India and is legislation introduced to lay down the provisions to protect the rights and interests of persons with disabilities at their place of work.
<b><u>Definitions:</u></b>	<ul style="list-style-type: none"> <li>• <b>Section 2(s) of the RPDA</b> defines “<b>person with a disability</b>” as a person with long-term physical, mental, intellectual or sensory impairment which, in interaction with barriers, hinders his full and effective participation in society equally with others.</li> <li>• <b>Section 2 (i) of the RPDA</b> defines “<b>establishment</b>” and states that the establishment includes a government establishment and a private establishment.</li> <li>• <b>Section 2 (k) of the RPDA</b> defines “<b>government establishment</b>” as a corporation established by or under a State or Central Act or an authority or a body owned or controlled or aided by the Government or a local authority or a Government company as defined under the Section 2 of the Companies Act and includes the department of Government.</li> <li>• <b>Section 2 (v) of the RPDA</b> defines “<b>private establishment</b>” as a company, firm, cooperative or other society, trust, agency, association, union, organisation, factory or such other establishments as the appropriate Government specified by the notification.</li> </ul>

<b><u>Registration:</u></b>	NA
<b><u>Compliance:</u></b>	<ul style="list-style-type: none"> <li>• Every establishment must register a copy of the said policy with the chief commissioner or the state commissioner, as the case may be.</li> <li>• Every establishment is required to maintain records containing the following particulars: (a) the number of persons with disabilities who are employed and the date from when they are employed; (b) the name, gender and address of persons with disabilities; (c) the nature of disability of such persons; (d) the nature of work being rendered by such employed person with disability; and (e) the kind of facilities being provided to such persons with disabilities.</li> </ul>

**h) THE EMPLOYMENT EXCHANGES (COMPULSORY NOTIFICATION OF VACANCIES) ACT, 1959 R/W THE EMPLOYMENT EXCHANGES (COMPULSORY NOTIFICATION OF VACANCIES) RULES, 1960 (“Employment Exchange Rules”):**

<b><u>Descriptions</u></b>	<b><u>Contents</u></b>
<b><u>Applicability:</u></b>	<b>The Employment Exchanges Rules extends to the whole of India except the State of Jammu and Kashmir.</b>
<b><u>Compliance:</u></b>	The employer of every establishment shall furnish quarterly returns to the local employment exchange in <b>Form ‘ER-I’</b> and biennial returns in <b>Form ‘ER-II’</b> . The quarterly returns shall be furnished within thirty (30) days from the due date, where the due date is March 31, March 30, June 30, September 30 and December 31. The biennial returns shall be furnished within thirty (30) days of the due date as notified in the official gazette.

**i) THE INTER-STATE MIGRANT WORKMEN (REGULATION OF EMPLOYMENT AND CONDITIONS OF SERVICE) R/W THE INTER-STATE MIGRANT WORKMEN (REGULATION OF EMPLOYMENT AND CONDITIONS OF SERVICE) CENTRAL RULES, 1980 (“Inter-State Migrant Workmen Rules”):**

<b><u>Descriptions</u></b>	<b><u>Contents</u></b>
<b><u>Applicability:</u></b>	<b>The Inter-State Migrant Workmen Rules extends to the whole of India except Jammu and Kashmir.</b>
<b><u>Registration:</u></b>	The employer of every establishment shall make an application for registration of an establishment in triplicate in Form I to the registering officer of the area in which the establishment is sought to be located.

1.) CENTRAL / STATE LEGISLATIONS R/W STATE RULES

a) BRIEF INTRODUCTION TO CENTRAL LEGISLATIONS:

<u>Legislation</u>	<u>Particulars</u>	<u>Description</u>
<u>Maternity Benefit Act, 1961</u> (“ <u>MB Act</u> ”)	<u>Applicability</u>	The MB Act applies to the whole of India and every establishment (including a factory, mine or plantation) in which <b>10 or more persons are employed</b> . It was established to provide for maternity benefits and certain other benefits and also regulates the employment of women in certain establishments for particular periods before and after childbirth.
	<u>Definitions</u>	<ul style="list-style-type: none"> <li>• <b>Section 3(d)</b> of the MB Act defines the term “<b>employer</b>” as –               <ol style="list-style-type: none"> <li>i.) The person in an establishment under the local authority appointed by such authority for the supervision and the control of the employees or where no person is appointed, then the chief executive officer of the local authority.</li> <li>ii.) The person in any other case who is the authority that has the ultimate control over the affairs of the establishment and where the said affairs are given as responsibility to any other person called a manager, managing director, managing agent, or by any other name, such person.</li> </ol> </li> <li>• <b>Section 3(e)</b> of the MB Act defines the term “<b>establishment</b>” as a factory, mine, plantation and an establishment where persons are employed for the exhibition of acrobatics, equestrian and other performances or to every establishment being a factory, mine or plantation including any such establishment belonging to Government and to every establishment wherein persons are employed for the exhibition of equestrian, acrobatic and other performances.</li> <li>• <b>Section 3(o)</b> of the MB Act defines the term “<b>women</b>” as women employed, whether directly or indirectly or through any agency for wages in any establishment.</li> </ul>
	<u>Registration</u>	NA
<u>Payment of Wages Act, 1936</u> (“ <u>PW Act</u> ”)	<u>Applicability</u>	<p><b>The PW Act applies to every establishment in the whole of India.</b> The PW Act regulates the payment of wages to certain classes of employed persons and applies to the payment of wages to the-</p> <ol style="list-style-type: none"> <li>i.) persons employed in any factory,</li> <li>ii.) persons employed otherwise than in a factory, and</li> <li>iii.) persons employed in an industrial or other establishments specified in sub-clauses (a) to (g) of clause (ii) of Section 2 of the PW Act.</li> </ol>

<b><u>Definitions</u></b>	<ul style="list-style-type: none"><li>• Section 2 (a) of the PW Act defines the term “<b>employed person</b>”. The term “<b>employed person</b>” includes the legal representative of a deceased employed person.</li><li>• Section 2 (b) of the PW Act defines the term “<b>employer</b>”. The term “<b>employer</b>” includes the legal representative of a deceased employer.</li><li>• <b>Section 2 (ii) of the PW Act defines the term “Industrial or other establishment”</b> is defined as any tramway service or motor service engaged in carrying passengers or goods or both for hire or reward, air transport service other than the service belonging to or exclusively employed in military, naval or air forces of the union or civil aviation department of the Government of India, dock, jetty or wharf, an inland vessel that is mechanically propelled, mine, quarry or oil field, plantation, workshop or other establishment in which articles are produced, adapted or manufactured with a view to using for sale or transport, establishment in any work relating to the construction, development or maintenance of buildings, roads, bridges, canals, or operations concerned with navigation, irrigation or the supply of water or relating to the generation, transmission and distribution of electricity or any other form of power.</li></ul>
<b><u>Registration</u></b>	NA

<p><b><u>Minimum Wages Act, 1948</u></b> (“MW Act”)</p>	<p><b><u>Applicability</u></b></p> <p><b><u>Definitions</u></b></p>	<p><b>The MW Act applies to the whole of India and every establishment in which there are <u>less than 1,000 people employed</u> in the same industry. The MW Act provides for fixing minimum rates of wages in certain employments.</b></p> <ul style="list-style-type: none"> <li>• <b>Section 2 (e) of the MW Act</b> defines the term “<b>employer</b>” as any person who hires 1 or more employees, either directly or through another person, in any scheduled employment under which the minimum wages are fixed under the MW Act. This includes everyone who hires employees, except in a specific circumstance mentioned under Section 26 (3) of the MW Act – <ul style="list-style-type: none"> <li>(i) in any scheduled employment under any local authority under which the minimum rate of wages is fixed under the MW Act, the person appointed by such authority for the supervision and control of the employees or where no person is appointed, the chief executive officer of the local authority,</li> <li>(ii) in any other case on scheduled employment, in respect of which minimum rates of wages are fixed under the MW Act, any person responsible to the owner for the supervision and control of the employees or for the payment of wages.</li> </ul> </li> <li>• <b>Section 2 (i) of the MW Act</b> defines the term “<b>employee</b>” as any person who is employed for hire or reward to do any work, skilled or unskilled, manual or clerical, in a scheduled employment where the minimum rate of wages is fixed, and includes an out-worker to whom any material or articles are given out by another person to be cleaned, made up, washed, ornamented, repaired, finished, altered, adapted or otherwise processed for sale for the purpose of the trade or business of that other person where the process is to be carried out either in the home of the out-worker or in some other premises not in the premises under the control and management of that other person.</li> </ul>
<p><b><u>Payment of Gratuity Act, 1972</u></b> (“<b><u>Gratuity Act</u></b>”) and <b><u>Payment of Gratuity Rules, 1972</u></b></p>	<p><b><u>Applicability</u></b></p>	<p>NA</p> <p>The Gratuity Act provides for the scheme of payment of gratuity, and it is a central legislation that extends to the whole of India. It applies to all establishments where <b><u>10 or more employees</u></b> are employed or were employed on any day of the preceding 12 months. Gratuity is payable to all employees irrespective of their salary, including those employed in an administrative and managerial capacity, having rendered 5 years of continuous service. Gratuity becomes payable to an employee up on: (i) resignation, (ii) termination on account of death or disablement due to accident or disease, (iii) retirement or; (iv) death. The amount of gratuity is to be paid at the rate of 15 days’ wages for every year of service based on the rate of wages last drawn by the employee, subject to a maximum of Rs. 1,000,000/-, or such higher amount as may be contractually agreed upon by the employer and employee.</p>

<b><u>(“Gratuity Rules”):</u></b>	<b><u>Definitions</u></b>	<ul style="list-style-type: none"> <li>• <b>Section 2 (f) of the Gratuity Act</b> defines “<b>employer</b>” in relation to any establishment, factory, or shop, as the person or authority that has the ultimate control over the affairs of the establishment and where the said affairs are entrusted to a manager, managing director or managing partner.</li> <li>• <b>Section 2 (e) of the Gratuity Act</b> defines “<b>employee</b>” as any person (other than an apprentice) who is employed for wages in any kind of work, manual or otherwise, in a factory, shop or other establishment to which the Gratuity Act applies, but does not include any such person who holds a post under the Central Government or a State Government and is governed by any other act for payment of gratuity.</li> </ul>
	<b><u>Registration</u></b>	NA
<b><u>Contract Labour (Regulation and Abolition) Act, 1970 (“CLRA”)</u></b>	<b><u>Applicability</u></b>	The CLRA applies to the whole of India and is applicable to (a) every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour; and (b) every contractor who employs or employed 20 or more workmen on any day of preceding 12 months. The applicability of the CLRA varies from State to State and the same has been covered hereinbelow.
	<b><u>Definitions</u></b>	<ul style="list-style-type: none"> <li>• <b>Section 2 (g) of the CLRA</b> defines "<b>principal employer</b>" as – <ul style="list-style-type: none"> <li>(i.) in relation to any office or department of the Government or a local authority, the head of that office or department or such other officer as the Government or the local authority, as the case may be, may specify on this behalf,</li> <li>(ii.) in a factory, the owner or occupier of the factory and where a person has been named as the manager of the factory under the Factories Act, 1948, the person so named,</li> <li>(iii.) in a mine, the owner or agent of the mine and where a person has been named as the manager of the mine, the person so named,</li> <li>(iv.) in any other establishment, any person responsible for the supervision and control of the establishment.</li> </ul> </li> <li>• <b>Section 2 (i) of the CLRA</b> defines "<b>workman</b>" as any person employed in or in connection with the work of any establishment to do any skilled, semi-skilled or un-skilled manual, supervisory, technical or clerical work for hire or reward, whether the terms of employment be express or implied, but does not include any such person— <ul style="list-style-type: none"> <li>(i.) who is employed mainly in a managerial or administrative capacity;</li> <li>(ii.) who, being employed in a supervisory capacity, draws wages exceeding Rs. 500/- per mensem or exercises, either by the nature of the duties attached to the office or by reason of the powers vested in him, functions mainly of a managerial nature;</li> <li>(iii.) who is an out-worker, that is to say, a person to whom any articles or materials are given out by or on behalf of the principal employer to be made up, cleaned, washed, altered, ornamented, finished, repaired, adapted or otherwise processed for sale for the purposes of the trade or business of the principal employer and the process is to be carried out either in the home of the out-worker or in some other premises, not being premises under the principal employer’s control and management.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Section 2 (e) of the CLRA</b> defines "<b>establishment</b>" as (i) any office or department of the Government or a local authority or (ii) any place where any industry, trade, business, manufacture or occupation is carried on.</li> </ul>
<b>Registration</b>	The registration of an establishment is mandatory under CLRA. Every employer must make an application for the registration of establishment to the registering officer of the area in <b>Form I</b> .

b) **STATE OF KARNATAKA RULES**

**MATERNITY BENEFIT (KARNATAKA) RULES, 1966 (“MBR Karnataka”):**

<b>Descriptions</b>	<b>Contents</b>
<b>Applicability:</b>	The <b>MBR Karnataka</b> applies to the <b>entire State of Karnataka</b> .
<b>Compliance:</b>	<ul style="list-style-type: none"> <li>• The employer must prepare and maintain a muster roll in <b>Form 'A'</b> with the particulars of all women workers. All entries in the muster roll must be made in ink and maintained up-to-date, and they shall always be available for inspection by the Inspector during working hours. The employer may enter in the muster roll such other particulars as may be required for any other purpose of the MB Act.</li> <li>• The abstract of provisions of the MB Act and the MBR Karnataka are required to be displayed in <b>Form 'J'</b> as per the requirement of the competent authority.</li> <li>• The employer must submit a combined annual return in <b>Form 'U'</b> prescribed under the Karnataka Shops and Commercial Establishments Rules 1963, in lieu of <b>Forms 'K', 'L' and 'M'</b>.</li> </ul>

**KARNATAKA PAYMENT OF WAGES RULES, 1963 (“PW Karnataka Rules”):**

<b>Descriptions</b>	<b>Contents</b>
<b>Applicability:</b>	The <b>PW Karnataka Rules</b> applies to the <b>entire State of Karnataka</b> .
<b>Compliance:</b>	<ul style="list-style-type: none"> <li>• The employer with more than 10 (ten) employees, shall maintain a register of fines in <b>Form 'I'</b> and a combined muster roll-cum-register of wages in <b>Form 'T'</b> prescribed under the Karnataka Shops and Commercial Establishments Rules 1963, in any factory or industrial establishment where the employer has obtained approval, along with a list of acts and omissions in respect of which the fines may be imposed.</li> <li>• The employer with more than 10 (ten) employees must send a combined annual return in respect of every factory so as to reach the Inspector within whose jurisdiction the factory is situated, and in respect of other establishments, the <b>Form 'U'</b>, a combined annual return on or before the 1<sup>st</sup> February of every year.</li> <li>• The abstracts of the PW Act and of the PW Karnataka Rules are required to be displayed at or near the main entrance of the establishment in <b>Form 'V'</b>.</li> </ul>

**THE CONTRACT LABOUR (REGULATION AND ABOLITION) KARNATAKA RULES, 1974 (“CLR Karnataka”):**

<b>Descriptions</b>	<b>Contents</b>
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<b><u>Applicability:</u></b>	The CLR Karnataka applies to the <b>entire State of Karnataka.</b>
<b><u>Compliance:</u></b>	<p>The forms mentioned below are from the contract labour central rules, as Karnataka follows the same central rules:</p> <ul style="list-style-type: none"> <li>• Every principal employer must maintain in respect of each registered establishment a register of contractors in <b>Form ‘XII’</b>.</li> <li>• Every principal employer of a registered establishment must send annually a return in <b>Form ‘XXV’</b> in duplicate to reach the registering officer concerned not later than the 15<sup>th</sup> February following the end of the year to which it relates.</li> <li>• Every principal employer must submit a return within 15 days of commencement or completion of each contract work to the inspector appointed under Section 28 of the CLRA, intimating actual commencement dates or completion of work as the case may be in Form XXVI.</li> </ul> <p><i><b>Note: Start-ups are required to self-certify its compliance under the CLRA and CLR Karnataka on the Shram Suvidha Portal. Further, for the first year from the date of commencement of the start-up, there will be no inspection by the concerned authority under the CLRA. From the second year onwards till the completion of the 5<sup>th</sup> year from the date of commencement of the start-up, there may be an inspection upon receipt of a written credible and verifiable complaint of violation and an approval for such inspection has been obtained from at least one level senior to the inspecting officer.</b></i></p>

**KARNATAKA LABOUR WELFARE FUND ACT 1965 (“Karnataka LWF Act”) AND KARNATAKA WELFARE FUND RULES, 1968 (“KWF Rules”)**

<b>Descriptions</b>	<b>Contents</b>
<b><u>Applicability:</u></b>	The Karnataka LWF Act and KWF Rules apply to all establishments located in the <b>State of Karnataka.</b>
<b><u>Definition:</u></b>	<ul style="list-style-type: none"> <li>• <b>Section 2 (3)</b> of the Karnataka LWF Act defines "<b>employer</b>" as any person who employs either directly or through another person either on behalf of himself or any other person, 1 or more employees in an establishment and includes (i) in a factory, any person named under Section 7(1) (f) of the Factories Act, 1948, as the manager and (ii) in any establishment, any person responsible to the owner for the supervision and control of the employees or for the payment of wages.</li> <li>• <b>Section 2 (2)</b> of the Karnataka LWF Act defines "<b>employee</b>" as any person who is employed for wages to do any work, skilled or unskilled, manual or clerical, in an establishment.</li> <li>• <b>Section 2 (4)</b> of the Karnataka LWF Act defines "<b>establishment</b>" as – <ul style="list-style-type: none"> <li>i.) a factory,</li> <li>ii.) motor omnibus service,</li> <li>iii.) any establishment, including a society registered or deemed to be registered under the Karnataka Societies Registration Act, 1960, and a charitable or other trust, whether registered under any law applicable to such charitable or other trust or not, which carries on any business or trade or any work in connection with or ancillary thereto and which employs or on any working day during the preceding 12 months employed more than 50 persons, but does not include an establishment not being a factory of the Central or any State Government, and any plantation or workshops.</li> </ul> </li> </ul>

<b><u>Registration</u></b>	NA
<b><u>Compliance:</u></b>	<ul style="list-style-type: none"> <li>• Every employer of an establishment to which the Karnataka LWF Act does not apply must maintain- <ul style="list-style-type: none"> <li>i.) A register of wages in <b>Form 'A'</b>; and</li> <li>ii.) A consolidated register of unclaimed wages and fines in <b>Form 'B'</b>.</li> </ul> </li> <li>• A copy of the extract from the register in <b>Form 'B'</b> pertaining to the previous year must be forwarded to the welfare commissioner by the 31<sup>st</sup> January every year by the employer.</li> <li>• Every employer must submit a statement in <b>Form 'D'</b> of the contributions by the employers and employees paid during the preceding year to the welfare commissioner on or before 15<sup>th</sup> January of every year. <ul style="list-style-type: none"> <li>• The welfare commissioner must submit a statement in the <b>Form 'D'</b> to the State Government on or before 15<sup>th</sup> January of every year of the contributions by the employers and employees received by him during the preceding year. In respect of every employee in an establishment, there shall be paid contribution to the board comprising the employer's contribution, employee's contribution and State Government's contribution, payable respectively by the employer, the employee and the State Government and these contributions so paid shall form part of the fund.</li> </ul> </li> <li>• In respect of every employee whose name stands in the register of an establishment on 31<sup>st</sup> December of a year, sums of Rs. 50/-, Rs. 100/- and Rs. 50/- respectively shall be payable as contribution for that year by the concerned employee, the employer and the State Government.</li> <li>• The employer's and employee's contribution for a year shall be paid by the employer to the board on or before 15<sup>th</sup> January of the following year by cheque, or by crossed demand draft and the expenses of remitting the contribution shall be borne by the employer himself.</li> </ul>

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**KARNATAKA MINIMUM WAGES RULES, 1958 (“MWR Karnataka”):**

<b>Descriptions</b>	<b>Contents</b>
<b>Applicability:</b>	The MWR Karnataka applies to the <b>entire State of Karnataka.</b>
<b>Compliance:</b>	<ul style="list-style-type: none"><li>• An annual return in <b>Form ‘III’</b> must be submitted by the employer before the 1<sup>st</sup> February of every year to the district inspector of labour having jurisdiction over the area, for the calendar year to which the return is related.</li><li>• A register showing overtime payments must be kept in <b>Form ‘IV’</b>. The employer shall furnish the entire overtime particulars employee-wise in the register within 24 hours from the commencement of such work.</li><li>• A register of wages must be maintained by every employer in the <b>Form ‘V’</b>.</li><li>• The employer must display abstracts of the MW Act and the MWR Karnataka in the <b>Form ‘X’</b>.</li><li>• The employer must maintain the wage slips in <b>Form ‘VI’</b> and must be issued to every person employed at least a day prior to the disbursement of wages.</li><li>• Every employee must maintain a muster roll and keep in <b>Form ‘VII-A’</b>.</li></ul>

**KARNATAKA SHOPS AND COMMERCIAL ESTABLISHMENTS ACT, 1961 (“Karnataka S&E Act”) AND KARNATAKA SHOPS AND ESTABLISHMENT RULES, 1963 (“Karnataka S&E Rules”):**

<b>Descriptions</b>	<b>Contents</b>
<b>Applicability</b>	The Karnataka S&E Act and Karnataka S&E Rules apply to all establishments located in the <b>State of Karnataka.</b>
<b>Definitions</b>	<ul style="list-style-type: none"><li>• <b>Section 2 (h)</b> of the Karnataka S&amp;E Act defines "<b>employer</b>" as a person having charge of or owning or having ultimate control over the affairs of an establishment and includes members of the family of an employer, a manager, agent or other person acting in the general management or control of an establishment.</li><li>• <b>Section 2 (g)</b> of the Karnataka S&amp;E Act defines "<b>employer</b>" as a person wholly or principally employed in or in connection with any establishment whether working on permanent, periodical, contract or piece-rate wages, or on commission basis, even though he receives no reward for his labour and includes an apprentice, any clerical or other member of the staff of a factory or industrial establishment who falls outside the scope of the Factories Act, 1948, but does not include a member of the employer’s family.</li><li>• <b>Section 2 (i)</b> of the Karnataka S&amp;E Act defines "<b>establishment</b>" as a shop or commercial establishment.</li><li>• <b>Section 2 (e)</b> of the Karnataka S&amp;E Act defines "<b>commercial establishment</b>" as a commercial or trading or banking or insurance establishment, an establishment of administrative service in which persons who are employed are primarily involved in office work, a restaurant, hotel, boarding or eating house, cafe or refreshment house, theatre or any other place of public amusement or entertainment and includes such establishments as notified by notification by the State Government and declare to be a commercial establishment.</li></ul>
<b>Registration</b>	The registration of an establishment is mandatory under Karnataka S&E Rules. Every employer with more than 10 (ten) employees of an establishment must send a statement to the inspector of the concerned area in <b>Form A</b> along with the fees specified in Schedule I within the prescribed time

	specified under sub-section (3) of Section 4 of the Karnataka S&E Act.
<b><u>Compliance</u></b>	<ul style="list-style-type: none"> <li>• The employer must maintain a leave with wages register in <b>Form ‘F’</b>.</li> <li>• Every employer must display a notice in <b>Form ‘P’</b> in his establishment specifying the day or days of the week on which the persons employed by him will be given a holiday. The notice must be shown to the people it concerns before they cease work on the Saturday just before the week when it is to have an effect.</li> <li>• Every employer must issue an appointment order in <b>Form ‘Q’</b> for each employee appointed in the establishment <b>within 30 days from the appointment date of such employee.</b></li> <li>• Every employer must maintain a combined muster roll-cum register of wages in <b>Form ‘T’</b> in respect of the employees employed in the establishment.</li> <li>• Every employer must send a combined annual return in <b>Form ‘U’</b> to the concerned inspector on or before 31<sup>st</sup> January of every year.</li> </ul>

#### **KARNATAKA PAYMENT OF GRATUITY RULES,1973 (“Karnataka Gratuity Rules”):**

<b><u>Description</u></b>	<b><u>Contents</u></b>
<b><u>Applicability:</u></b>	The Karnataka Gratuity Rules apply to the <b>entire State of Karnataka.</b>
<b><u>Compliance:</u></b>	<ul style="list-style-type: none"> <li>• A notice is to be issued to the applicant employee, nominee, or legal heir if the claim is found to be admissible in <b>Form ‘L’</b> specifying the amount of gratuity payable and fixing a date not later than the 13<sup>th</sup> day after the date of receipt of the application for the payment.</li> <li>• A notice is to be issued to the applicant employee, nominee, or legal heir in <b>Form ‘M’</b> if the gratuity is found to be not admissible, specifying the reason for the claim not being found to be admissible not later than the 15<sup>th</sup> day from the date of receipt of such application.</li> <li>• The employer must display an abstract of the Gratuity Act and the Karnataka Gratuity Rules in Kannada or the language understood by the majority of the employees at or near the main entrance of the establishment.</li> <li>• The notice of opening of the establishment must submitted by every employer to the controlling authority of the area in Form ‘A’ within 30 days of the Karnataka Gratuity Rules becoming applicable to the establishment.</li> </ul> <p><i><b>Note: Start-ups are required to self-certify its compliance under the Gratuity Act and Karnataka Gratuity Rules on the Shram Suvidha Portal. Further, for the first year from the date of commencement of the start-up, there will be no inspection by the concerned authority under the Gratuity Act. From the second year onwards till the completion of the 5<sup>th</sup> year from the date of commencement of the start-up, there may be an inspection upon receipt of a written credible and verifiable complaint of violation and an approval for such inspection has been obtained from at least one level senior to the inspecting officer.</b></i></p>

#### **KARNATAKA COMPULSORY GRATUITY INSURANCE RULES, 2024 (“Karnataka Gratuity Insurance Rules”):**

Descriptions	Contents
<b>Applicability:</b>	The Karnataka Gratuity Insurance Rules apply to the <b>entire State of Karnataka.</b>
<b>Compliance:</b>	<ul style="list-style-type: none"> <li>• Every employer shall submit an application in <b>‘Form-1’</b> to get the establishment registered with the controlling authority of the area or any other office notified for this purpose by the state government within thirty (30) days from the date of obtaining insurance along with the list of its employees insured.</li> <li>• Every employer of an establishment who already has an established approved gratuity fund for the employees and who desires to continue such arrangement and every employer employing five-hundred (500) or more employees who establishes an approved gratuity fund may opt to continue or adopt such arrangement by submitting an application in <b>‘Form-II’</b>.</li> <li>• Every employer shall furnish the details of the employees insured, to the controlling authority or any other officer notified for this purpose by the state government in <b>‘Form-III’</b> at the time of registration of the establishment.</li> </ul> <p><i><b>Note:</b> Start-ups are required to self-certify its compliance under the Compulsory Gratuity Act and Karnataka Compulsory Gratuity Insurance Rules on the Shram Suvidha Portal. Further, for the first year from the date of commencement of the start-up, there will be no inspection by the concerned authority under the Gratuity Act. From the second year onwards till the completion of the 5<sup>th</sup> year from the date of commencement of the start-up, there may be an inspection upon receipt of a written credible and verifiable complaint of violation and an approval for such inspection has been obtained from at least one level senior to the inspecting officer.</i></p>

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