



Tax alert: Enhancement in Labour Welfare Fund Contributions in Maharashtra

3 May 2024

The Maharashtra government, on 18 March 2024, enhanced Labour Welfare Fund ('LWF') contribution rates in Maharashtra.

In a nutshell



LWF contributions rates have been enhanced to employee INR 25, employer INR 75 and state government's INR 50 per employee, payable every six months, from the earlier range of employee 6-12, employer 18-36 and state government 12-24



Earlier there was a prescribed salary threshold (i.e. INR 3,000) depending on which LWF contribution rates were different. These have been done away with now.



Scroll down to read the detailed alert

Background:

- Contributions to Maharashtra Labour Welfare Fund consist of contributions from the employer, employee, and the Maharashtra state government.
- The Maharashtra Labour Welfare Fund Act ('MLWFA') covers establishments registered under the Maharashtra Shops & Establishments legislation (S&E)¹, factories under the Factories Act ('factories')¹ and labour associated with Motor Transport Workers Act ('motor transport')¹.

Update:

As per the amendment made by Maharashtra government to Section 6BB under the Maharashtra Labour Welfare Fund (Amendment) Act, 2024, employee's enhanced LWF contribution rate is INR 25 leading to corresponding increase in employer's contribution rate summarized below for ready reference:

Particulars	Earlier LWF contribution rates		Enhanced LWF contribution rates
	If Wage <= 3,000	If Wage > 3,000	No wage limit
Wage			
Rate every 6 months per employee	Amount (in INR)	Amount (in INR)	Amount (in INR)
Employee's* Contribution to be recovered from payroll	6	12	25
Employer's* contribution (thrice the employee's contribution)	18	36	75
Total employer and employee's contribution to be remitted (excluding government contributions)	24	48	100

**Deductible for registered employees (excluding managerial role and supervisory role with wage > 3,500) as on 30th June and 31st Dec and payable by 15th July and 15th January respectively.*

Comments:

- This amendment simplifies the rates by removing the salary thresholds
- Compliance and Payroll teams should ensure the above changes are implemented timely to avoid penalties - simple interest @ 1.5% of contribution for first 3 months of default and thereafter 2% of contribution amount for each month of default till contributions are paid.

¹ For S&E - Employing 5 or more persons and other prescribed conditions for S&E, factories and motor transport

Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see <http://www.deloitte.com/about> to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei, and Tokyo.

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.