



Tax alert: EPFO releases manual for Inspector-cum-Facilitator

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The Employees' Provident Fund Organisation ("EPFO") has revamped and updated the Inspector manual to manual for Inspector-cum-Facilitator. As per this manual notified recently, the main role of Inspector-cum-facilitator is to liaison with employers to ensure compliance with the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 ("the Act"). The document has been released after more than a year of efforts in revamping the existing manual.

In a nutshell



Background:

Inspector-cum-Facilitators help employers ensure compliance with the provisions of Employees' Provident Fund and Miscellaneous Provisions Act, 1952 ("the Act"). The legislation depends on Inspectors as a means of enforcement of its various provisions.

This new document supersedes the existing manual which was first introduced in 1968.



Role and jurisdiction of Inspectors:

Section 13 of the Act empowers the government to appoint inspectors and define their jurisdiction.

The Act enables the Inspectors to require establishments to furnish information, search the premises of the establishment, call for records, make copies of records and other powers as provided in the respective schemes.



Evolution of the roles played by Inspectors:

Over time, with the changes in the regulatory landscape and with the advantage of digitization, the routine, geographic jurisdiction-based tasks have given way for risk-based approach by help identifying defaulters, issues in compliance, etc. One of the roles is to help establishments identify gaps and put in preventive measures to ensure compliance.



Facilitation in addition to Inspection:

Apart from a compliance perspective, Inspector-cum-Facilitators would also assist in demonstrating various amenities of the online portal, resolve issues / grievances, hold workshops, interactive sessions, help create UAN for employees, act as district nodal officer for accident cases, etc.



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Highlights of the Manual for Inspector-cum-Facilitator

- The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 ("the Act") which is applicable to covered establishments encompasses over 14.5 million individuals as members. The Employees' Provident Fund Organisation ("EPFO") relies on PF Inspectors to enforce compliance such as registration of establishments, registration of employees as members, payment of contributions, maintenance of records, etc.
- With the help of digitization, the EPFO has been able to open up many of its facilities through its online portal easing the process for employees and establishments to avail various benefits under the Act.
- In the recent past, the EPFO has released several manual / standard operating procedure (SOP) documents (such as Management and Regulation of EPF Exempted Establishments, Joint Declaration for updating member profile details). These manuals / documents clearly lay down the steps to be undertaken by the employees / establishments thereby clearing the ambiguity while minimizing delays.
- The new "Manual for Inspectors-cum-Facilitators" supersedes the current manual for PF inspectors which was first issued in 1968 is another step in this direction. The document has been prepared keeping in mind the changes that the legislations have been in terms of workforce (International Workers), coverage aspects, grievance resolution, etc.
- The manual begins with how the legislation empowers inspector-cum-facilitators for enforcement, defines their roles and responsibilities, how they can support in terms of outreach programmes, grievance redressal, judicial proceedings other than inspections and audits; it also covers areas such as new coverage, closure of establishments, IWs as a separate category of members, surveys, tour programmes and how these inspector-cum-facilitators are required to adhere to ethical code as flagbearers of the EPFO. The manual aims to cover all possible scenarios in which these individuals are required to play a role by the legislation as well as where they can make a difference such as ease of doing business, spreading awareness, resolving issues.
- PF Inspectors who enforce compliance are empowered to require establishments to furnish information, search the premises of establishment, call for records, make copies of records and other powers as provided in the respective Schemes.
- Apart from the regular audit and inspection of establishments, the manual provides for Tour Programmes which can be organized by the Inspectors-cum-Facilitators. The frequency of these sessions is required to be at least one every fortnight. It could be in the form of workshop, seminar, or outreach programme. The Inspectors-cum-Facilitators are also required to submit their Tour Diaries to the Controlling office along with comments / observations about the Tour.
- The manual has a separate chapter devoted to Closure of Establishments along with a few case studies in furthering the concepts / situations. International Workers (IW's) are dealt with in Chapter 11 providing details of who is categorized as IW, inspection relating to IW matters, etc.
- As Inspectors-cum-Facilitators are treated as flagbearers of EPFO, their code of conduct is defined in Chapter 15. Code of ethical behaviour is outlined via values such as independence, professionalism, transparency, respect of human rights, non-discrimination, effective communication, continuous learning and collaboration & cooperation,
- The manual concludes with extracts from the relevant Section of the Act such as relevance of facts, admissibility of electronic records, opinion of experts.

Our comments

Given the impetus for rationalization and simplification of labour laws, empowering Inspectors-cum-Facilitators to act as liaison is a welcome measure indicating that the government is keen on not only enforcing compliance

aspects but also in facilitating compliance through various means. With the change in legislations over the past few decades and the new kinds of workforce that is emerging of late, Inspectors-cum-Facilitators have a crucial role to play. A manual such as this would help the establishments, employees / workforce as well as the Inspectors-cum-Facilitators to ensure a smooth functioning of PF related requirements.

It is interesting to note that only PF Inspectors are mentioned under the current legislations. However, the manual released by the EPFO mentions Inspector-cum-facilitator which is one of the salient features of the Code on Social Security, 2020. This manual released by the EPFO adds to the list of actions taken for implementation of Labour Codes such as notification of section 142 on Aadhaar, enablement of joint option for higher pension contributions etc.

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