



Tax alert: Exemption to IT/ITes establishments under Telangana Shops & Establishment Act, further extended

13 June 2024

As per notification dated 07 June 2024, the Telangana government has extended the exemption given to IT/ ITes establishments under the Telangana Shops and Establishment Act, 1988. This exemption is from sections 15, 16, 21, 23 and 31 of the said legislation, for a further period of 4 years w.e.f. 30 May 2024.

In a nutshell



IT/ITes establishments in Telangana were first exempted from certain provisions of the Telangana S&E Act for a period of 5 years, as per a G.O issued in 2013.

Thereafter, this exemption had been renewed from time to time, in 2019 via notification dated 25 July 2019 (effective retrospectively from 30 May 2018) and for a 1 year period in 2023 (effective retrospectively from 30 May 2023).



The Government of Telangana has renewed exemption granted to IT/ITes establishments under Telangana S&E legislation for a further period of 4 years, i.e. until 29 May 2028.

The exemption is from Sections 15, 16, 21, 23 and 31 of the said legislation.

These sections pertain to opening and closing hours of work, daily and weekly hours of work, special provision for young persons, special provisions for women and other holidays.



The conditions for IT/ITes establishments to avail exemption include provision of overtime pay beyond 48 hours of work per week, and weekly off.

They also need to ensure adequate security for young and for women employees engaged in night shift, besides to and fro transport from their residences.



The conditions for exemption are similar to those in the prior years' notification.

However, there is an additional requirement of maintenance of integrated registers and filing of integrated returns, as per a G.O. issued in 2016.

Exemption granted in these orders may be revoked at any time without any prior notice if the conditions are violated.



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Highlights of the Notification under Telangana Shops and Establishments Act, 1988 ('the Act')

Section 73(4) of the Act empowers the Telangana state government to provide exemptions to any establishment or class of establishments etc., from all or any of the provisions of the Act either permanently or for any specified period. These are issued via a government notification, subject to such conditions as they may deem fit.

As per the latest Notification, IT/ITes establishments based out of Telangana, have been exempted for a further period of four (4) years w.e.f. 30.05.2024, from the provisions of sections 15, 16, 21, 23 and 31 of the Act. However, they need to adhere to the conditions laid down including:

- **Weekly working hours**, 48 hours being the maximum limit.
- **Overtime pay** for work done beyond 48 working hours.
- **Weekly off**.
- **Compensatory holidays** with wages if an employee works on notified holidays.
- **Safety of young and female employees:**
 - **Adequate security** during the course of employment and to and fro **transport** from residences in case of night shifts.
 - **Checks on Drivers** by obtaining biodata, conducting pre-employment screening, and collecting details such as driving license, photographs, address, telephone No/Mobile No. etc.
 - **Duty of supervisory officer** to decide the schedule and route of the pickup and drop on every Monday or the next working day.
 - **Route selection** to ensure that women are not picked up first and dropped last.
 - **Other safety measures** such as provision of security guards for night shift vehicles, surprise checks of vehicles, setting up of a control room/ travel desk for monitoring vehicle movements.
 - **Confidentiality where personal details** of the women employees are not be disclosed to unauthorized persons.
- **Welfare provisions** as per the rules in force and **provision of identity cards**.
- **Maintenance of registers/ filing of returns:**
 - General exemption from maintenance of various statutory registers in hard copies and recognition of soft copy of Registers as sufficient compliance.
 - Need to maintain integrated registers and file integrated returns (under legislations like Contract Labour Regulation, Inter-State Migrant Worker Regulation, Payment of Wages, Minimum Wages, etc.) as provided under the notification (G.O.Ms.No.23, LET&F Department) dated March 24, 2016.

The Notification further states that the conditions stipulated above must not be detrimental to the employees working in the said establishments. Further if the above conditions are violated, the exemption orders issued to the company shall be revoked by the government at any time without prior notice.

Our comments

The Notification does not bring in additional conditions for IT/ITes establishments to be exempted under the Act, with the exception of maintenance of integrated registers and filing of integrated returns.

This is a welcome move by the authorities for companies in the IT/ITes space since some level of flexibility is needed for this industry to function, considering their nature of work. With these exemptions being renewed, IT/ITes companies located in the state of Telangana will continue to have the option relating to longer working hours, time off, engaging women workforce etc.

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