



**HEAD QUARTERS OFFICE
EMPLOYEE'S STATE INSURANCE CORPORATION
PANCH DEEP BHAWAN, CIG MARG, NEW DELHI 110002
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No.P-11/12/Policy/02/2016-Rev-II

Date: 08.04.2016

MEMORANDUM

Sub: Calculation of interest on delayed payment of contribution

Interest on delayed payment of regular contribution and contribution payable on the (omitted) wages pointed out in the inspection report /or on the amount of contribution determined u/s 45A is being claimed differently in terms of HQ Office vide letter No T-11/11-10/86/Ins-III dated 27.03.1986.

The matter has been re-examined. Henceforth the interest on omitted wages shall be claimed in the same manner as claiming interest on regular contribution u/s 39(5) of the ESI Act read with the Regulations 31. The *bona-fide* impression of employer, whether remunerations paid to a worker in a covered unit constitute 'wages' u/s 2(22) of the ESI Act or not, does not absolve the employer from the liability of paying the interest on the delayed payment of contribution.

The inspection report, to the extent feasible, should contain the wage period in which such wages have been paid. However if the contribution has been claimed on pro-rata basis due to insufficient records made available to ascertain the wage period either during inspection or during the proceedings for determination of contribution u/s 45A or due to limitation five years for determining contribution u/s 45A, the same criteria may be followed for claiming the interest on contribution. The instruction shall take effect from the date of its issue, in supersession of the instruction in the matter contained in the revenue manual, i.e. any claim of interest raised subsequent to issue of this OM shall be as per this OM. The OM dated 27.03.1986 referred to above stands withdrawn.

This issues with the approval of the Director General and concurrence of Finance & Accounts on file No. S-NZ/GGN(69)/1/2014-CAIM. Strict compliance to be ensured by all the concerned.

(KG Suresh)

Joint Director (Rev)

All Regional Directors/SRO/DO in-charges/JD/DD/AD(Fin & Audit)

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