

EMPLOYEES OLD AGE BENEFITS INSTITUTION,
B&C DEPARTMENT HEAD OFFICE, KARACHI

No: HO/B&C/07/1685

Dated: 1st August 2007

CIRCULAR NO. 01/2007-08

Subject: AMENDMENTS IN THE EOB ACT, 1976 THROUGH FINANCE ACT, 2007

Certain amendments have been made in the Employees' Old-Age Benefits Act, 1976 as well as Minimum Wages for Unskilled Workers Ordinance, 1969 through the Finance Act, 2007 (Act. No. IV of 2007) as notified in Gazette of Pakistan vide No. 1, 22(40)/ 2007 Legis, on 2nd July 2007(copy enclosed). As the wages for unskilled workers has been enhanced from Rs. 4,000/- per month to Rs. 4,600/- per month therefore, both Employers' and Employees' share of contribution would now be calculated on the basis of revised minimum wages as amended through the Finance Act, 2007. Accordingly contribution shall be collected with effect from 1st July 2007 as specified below:-

- i) The Employers' share of contribution .i.e. 6% of the minimum wages shall be calculated on the basis of revised minimum wages of Rs. 4,600/- which comes to Rs. 276/- per Insured person per month.
- ii) The Employees' share of contribution .i.e. 1% of the minimum wages shall be calculated on the basis of revised minimum wages of Rs. 4,600/- which comes to Rs 46/- per Insured Person per month.

2. In section 22B, for the words "**equal to the minimum pension**", wherever occurring, has been substituted with words "**at the rate specified in the Schedule**". Therefore on or after 01-07-2007 the survivor's pension shall be calculated on the basis of formula given in the Schedule and paid accordingly.

3. The amendments made through Finance Act, 2007, w.e.f.1-07-2007, has brought in the following changes in the Schedule of the Act, 1976:-

- i) The **Survivors' Pension** shall, henceforth be calculated like Old Age and Invalidity Pension according to specified formula.
- ii) All benefits shall henceforth be calculated on the basis of the "**monthly**" wages of the month immediately preceding retirement instead of "**average monthly wages**"
- iii) The minimum pension on or after 01-07-2007 shall be Rs. 1500/- per month.
- iv) After paragraph 2 of the Schedule a new paragraph 3 has been inserted in the Schedule which reads as under:

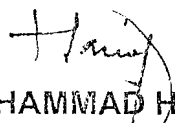
"(3) The monthly rate of old-age pension, invalidity pension and survivors pension being paid on or before first day of July, 2007, under paragraph (1) above shall be increased by fifteen per cent."

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[Signature]

4. The Regional Heads shall, therefore, ensure that:
- a) Contributions for July, 2007 and onwards are paid on the basis of the revised rates i.e. employers' share of contribution @ Rs. 276/- p.m. and Employees' share of contribution @ Rs. 46/- p.m.
 - b) If an employer pays less than 322/- p.m. per I.P, he should be asked to substantiate the figures with PR-02A (Revised) by giving the details of wages paid for the particular month (s).
 - c) The Employers who do not pay IP's contribution or pay less than Rs. 46/- p.m. without supporting the payments with PR-02A (Revised) should be issued demands for the difference and the amount should be recovered as per Law.
 - d) Survivor's pension should be calculated on the basis of the formula given in the schedule.
 - e) Formula pension is to be calculated on the basis of the wages paid in the month immediately preceding the date of retirement and not on the basis of average monthly wages.
 - f) The contribution has been paid since July 2002 (as per the amendment of 2002) on behalf of insured person whose claim is being processed.
 - g) That the wages of an insured person has not been increased in the month immediately preceding retirement merely to allow him/her to receive unduly high pension.
5. A separate SOP has been issued vide IOM No. HO/B&C/Bts/1581 dated: 04-07-2007 for implementation of the revised pension rates.
6. This issues with approval of the Chairman.


(MUHAMMAD HANIF)
DEPUTY DIRECTOR GENERAL (B&C)

Encl: (Gazette Notification with extract of Amendments)

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PART I

Acts, Ordinances, President's Orders and Regulations

NATIONAL ASSEMBLY SECRETARIAT

Islamabad, the 2nd July, 2007

No. F. 22(40)/2007 Legis.—The following Act of Majlis-e-Shoora (Parliament) received the assent of the President on the 30th June, 2007, and is hereby published for General information:—

ACT No. IV OF 2007

An act to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2007, and to amend and enact certain laws

WHEREAS it is expedient to make provisions to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2007 and to amend and enact laws for the purposes hereafter appearing;

It is hereby enacted as follows:—

1. Short title, extent and commencement.—(1) This Act may be called the Finance Act, 2007.

(2) It extends to the whole of Pakistan.

(431)

[596(2007)/Ex. Gaz.]

Price Rs. 366.00

Attested

M. Ullah
BUKHITAR

Assistant Chief
Ministry of Labour, Manpower
& Overseas Pakistanis
Islamabad

- (3) in sections 5,6,7 and 21, the word "Stock", wherever occurring, shall be omitted;
- (4) in section 22, in sub-section (1) for the words "one hundred thousand" the words "fifty million" and for the words "two thousand" the words "two hundred thousand" shall respectively be substituted; and
- (5) in section 33, in sub-section (2), in clause (b), for the words "a Stock Exchange" the words "the Exchange" shall be substituted;
- (6) in section 34, the word "Stock", wherever occurring, shall be omitted; and
- (7) section 35 shall be omitted.

10. Amendment of W.P. Ordinance, XX of 1969.—In the Minimum Wages for Unskilled Workers Ordinance, 1969 (XX of 1969), in the Schedule, in column (2), for the figure "4000", occurring thrice, the figure "4600" shall be substituted.

11. Amendment of Act XIX of 1974.—In the Banks (Nationalization) Act, 1974 (XIX of 1974), the following further amendments shall be made, namely:—

- (a) in section 5,—
 - (i) in sub-section (6), in clause (a), for the words "not less than twenty-six", the words "upto forty-nine" shall be substituted; and
 - (ii) in section 5A, in sub-section (1), in clause (a), for the words "not less than twenty-six" the words "upto forty-nine" shall be substituted;
- (b) in section 11,—
 - (i) in sub-section (1), in clause (b), after the word "members", at the end, the words, commas and figures "including one or more directors whose election by the private shareholders, removal and other matters shall be governed by the Companies Ordinance, 1984 (XLVII of 1984)" shall be added;
 - (ii) in sub-section (3), after the word "Board" the words "representing the Federal Government's direct and indirect shareholding" shall be added; and

Attested
 MUKHTAR
 Assistant Chief
 Ministry of Labour, Manpower
 & Overseas Pakistanis
 Islamabad

- (iii) in sub-section (3), in clause (d), for the words "for a further period of three years" the words "for such further term or terms as may be determined" shall be substituted.

12. Amendments of Act XIV of 1976.—In the Employees' Old-age Benefits Act, 1976 (XIV of 1976), the following further amendments shall be made, namely:—

- (1) in section 22B, for the words "equal to the minimum pension", wherever occurring, the words "at the rate specified in the Schedule" shall be substituted;

(2) In the Schedule,—

- (a) in the title, after the figure "22" a comma and the figure and letter "22B" shall be added;

(b) in paragraph (1),—

- (i) after the word "person" occurring for the first time, the words "and survivor's pension payable to surviving spouse" shall be inserted; and

(ii) in formula the word "Average" shall be omitted;

(c) in paragraph (2),—

(i) the word "average" shall be omitted;

(ii) for the words "payable in respect of twelve calendar months", the words "paid in the month" shall be substituted; and

(iii) in the proviso,—

(a) after the word "person" the words "and survivor's pension payable to surviving spouse" shall be inserted;

(b) for the words "one thousand and three hundred" the words "one thousand and five hundred" and for the figure "2006" the figure "2007" shall be substituted;

A. H. Sed
M. Mukhtar
MUKHTAR

Assistant Chief
 Ministry of Labour, Manpower
 & Overseas Pakistanis
 Islamabad

- (iv) after paragraph (2) the following new paragraph shall be added, namely:—

“(3) The monthly rate of old-age pension, invalidity pension and survivors pension being paid on or before first day of July, 2007, under paragraph (1) shall be increased by fifteen per cent.”.

13. Amendment of Ordinance XLVII of 1984.—The following further amendments shall be made in the Companies Ordinance, 1984 (XLVII of 1984), namely:—

- (1) in section 2, in sub-section(1),—

(a) clause (3) shall be omitted;

(b) for clause (5) the following shall be substituted, namely:—

“(5) “book and paper”, “book or paper” or “books of account” include accounts, deeds, vouchers, writings and documents, maintained on paper or computer network, floppy, diskette, magnetic cartridge tape, CD-Rom or any other computer readable media;”;

(c) in clause (14) after the word “register” the words and commas “whether issued, sent or kept in pursuance of this Ordinance or any other law for the time being in force, whether maintained in any medium capable of being retrieved by any electronic means or in any other manner” shall be added;

(d) in clause (26), in sub-clause (b), after the word “Government” the words “or the Commission as the case may be” shall be inserted;

(e) after clause (30A), the following new clause shall be inserted, namely:—

“(30B) “register” means the register of members of a company and includes the register of debenture-holders or holders of other securities maintained on paper or computer network, floppy, diskette, magnetic cartridge tape, CD-Rom or any other computer readable media;”.

- (2) in section 24, sub-section (2) shall be omitted;

Abdus
Mukhtar
MUKHTAR
Assistant Chief
Ministry of Labour, Manpower
& Overseas Pakistanis
Islamabad