

BENEFIT & CONTRIBUTION DEPARTMENT
HEAD OFFICE, KARACHI

Ref #: HO/B&C/50/2/93/1264
Dated: July 15, 2008

CIRCULAR NO. 02/2008-09

SUB: AMENDMENTS IN THE EOB ACT, 1976 THROUGH FINANCE ACT, 2008

Following amendments have been made in the Employees' Old-Age Benefits Act, 1976 and Minimum Wages for Unskilled Workers Ordinance, 1969 through the Finance Act, 2008, as notified in the Gazette of Pakistan vide No. F.22(12)/2008-Legis dated 27-06-2008 (copy enclosed)

Amendments in EOB Act, 1976 effective from 1st July 2008

- I. Applicability of the Act on the industry and establishment with five or more workers.
 - II. Minimum wages to be Rs. 6,000 per month.
 - III. Contribution rate for employers to be 5% of the minimum wages instead of 6%
 - IV. Minimum pension to be Rs. 2,000 per month and other pensions to be increased by 15%.
 - V. Section 47(e) omitted, Act to apply on banks and banking companies as well.
 - VI. Pension to be calculated on the average of last 12 months' wages on which contribution has been paid.
 - VII. Concessionary clauses (seven years and five years insurable employment for late entrants) not to apply on IPs registered on or after 1st July 2008.
2. The Regional Heads shall, therefore, ensure that w.e.f 1st July 2008
- I. All Industries and establishments employing five or more workers are to be registered with EOBI. Guideline for registering small establishment with 5-9 workers are being issued separately which are to be followed in letter and spirit.



II. EOB Act, 1976 shall be applicable on banks and banking companies as well. The Regional Heads, where the Headquarters of such Banks and Banking Companies are located, shall approach them for registration.

- i. Banks and Banking companies would be allotted one main code and they shall pay contribution centrally against this registration number.
- ii. Records of IPs of Banks and Banking Companies shall be maintained at one place, with the Region where the Headquarters are located.
- iii. Claims shall also be processed at one place.
- iv. In no case, the regional offices or branches of the banks shall be approached for registration.

III. Contribution for July, 2008 and onwards are payable @ 5% of minimum wages of Rs. 6,000/- p.m by Employers and 1% of the minimum wages by the Employee.

- i. The revised rates of Contributions shall be as under: -

Employers' share:	5% of Rs. 6,000=	Rs. 300
Employee's share:	1% of Rs. 6,000=	Rs. 60
Total Contribution:		Rs. 360 per month

- ii. If an Employer pays less than 360/- p.m per I.P, he shall be asked to substantiate the figures with PR-02A (Revised) by giving the details of wages paid for the particular month(s).
- iii. It shall be the responsibility of the Beat Officer to ask the Employers to mention number of IP in PR-03 on whose behalf contribution is being paid.
- iv. Beat Officer shall maintain a record of average payments per IP for every Employer, which shall be examined by the M&E Team at the time of their inspections. M&E Department shall examine such cases and report on follow up action.

IV. Minimum pension shall be paid @ Rs. 2,000/- per month and other pensions shall be increased by 15%. Guidelines have already been issued for revision of pension and pasting of stickers.



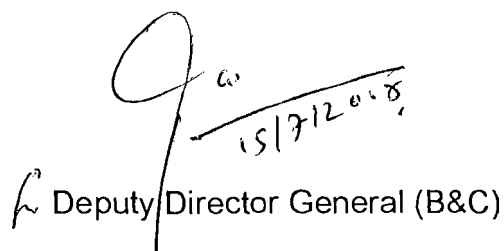
V. Benefits shall be calculated on the average of last 12 months wages on which contribution has been paid. It has replaced last year's amendment of taking one month's wages for calculation of benefits.

VI. Concessionary clauses i.e Section 22 (2) (i) and (ii) relating to seven and five years insurable employment for late entrants shall not apply on IPs registered on or after 1st July 2008. The Operational Officers and Staff have to be vigilant while processing claims.

VII. Employers should be asked to get their employees registered with EOBI and provide their CNIC number and address, if they are already registered.

VIII. PR-02A (revised) for the financial year 2007-08 should be obtained from the Employers and entered in database simultaneously. Last date for collection of PR-02 A is September 2008.

3. Please acknowledge receipt for strict compliance in letter and spirit.
4. This issues with the approval of the Chairman.


Deputy Director General (B&C)

Encl as above

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REGISTERED No. M - 302
L.-7646

The Gazette  **of Pakistan**

**EXTRAORDINARY
PUBLISHED BY AUTHORITY**

ISLAMABAD, FRIDAY, JUNE 27, 2008

PART I

Acts, Ordinances, President's Orders and Regulations

NATIONAL ASSEMBLY SECRETARIAT

Islamabad, the 27th June, 2008

No. F. 22(12)/2008-Legis.—The following Act of Majlis-e-Shoora (Parliament) received the assent of the President on the 26th June, 2008, and is hereby published for general information:—

ACT NO. 1 OF 2008

An Act to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2008, and to amend 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, 2008, and to amend certain laws for the purposes hereinafter appearing;

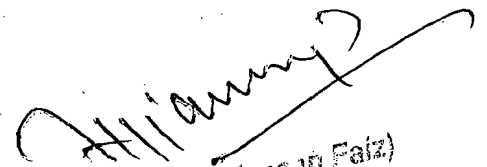
It is hereby enacted as follows:—

1. **Short title, extent and commencement.**—(1) This Act may be called the Finance Act, 2008.

(43)

2690(2008)/Ex. Gaz.]

Price : Rs. 252.00


(Raja Faiz-ul-Massan Faiz)
Social Security Advisor
Labour and Manpower Division
Islamabad

5. 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 1, in sub-section (4), —

(a) in clause (i), —

(i) for the word “ten”, occurring twice, the word “five” shall be substituted; and

(ii) for the colon at the end, a full stop shall be substituted and thereafter the proviso shall be omitted; and

(b) in clause (ia) for the word “twenty”, the word “five” shall be substituted;

(2) in section 9, in sub-section (1), for the word “six” the word “five” shall be substituted;

(3) in section 22, in sub-section (2), in clause (ii), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely: —

“Provided that nothing in this section shall apply to an employee insured under this Act on or after 1st day of July, 2008.”;

(4) in section 47, clause (e) shall be omitted; and

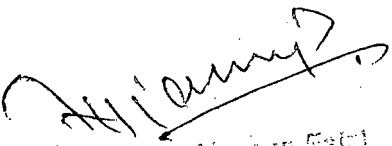
(5) In the Schedule, —

(a) for paragraph (2), the following shall be substituted, namely: —

“(2) The monthly wages of an insured person, referred to in paragraph (1), shall be calculated on the basis of wages on which contributions were paid in respect of the twelve calendar months immediately preceding the date on which insured person fulfils the conditions for entitlement to any benefits under this Act:

Provided that the old-age pension or invalidity pension payable to an insured person and survivor's pension payable to the survivors of the deceased insured person shall not be less than two thousand rupees per month for pension commencing on or after 1st day of July, 2008.”; and

(b) in paragraph (3) for the figure “2007” the figure “2008” shall be substituted.


(Raja Faruq Hussain Faruq)
Social Security Minister
Labour and Manpower Division
Islamabad