

Social Security Act
2017

FRESH THINKING FOR A NEW START



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SUMMARY OF SSA



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HIGHLIGHTS OF SOCIAL SECURITY ACT, 2074 (2017)

ENACTMENT DATE

Contribution based Social Security Act 2017 (2074) was enacted by the Parliament on 24 July 2017 (Shrawan 9, 2074) and has become effective from the date of assent by the Rt Hon President of Nepal on 13 August 2017 (Shrawan 29, 2074).

BACKGROUND

The Act has been enacted to ensure the rights of the workers based on the concept of contributory social security and to provide social security to the contributors.

ESTABLISHMENT OF THE SOCIAL SECURITY FUND

The Social Security Fund (SSF or the Fund) has been established for the operation and management of social security of the employees from amount collected:

- as contribution from contributor and employee.
- Provident Fund contribution from employee and employer.
- under Labor Act such as Gratuity, Severance etc.
- as Social Security Tax collected till date and to be collected in future.
- donations from Nepal Government.
- loan, assistance and donation from foreign Government and international organizations. But prior approval is required from Nepal Government before receiving such amount.
- as bonus in national level "Kalyankari" Fund.

Utilization is restricted to such contributor only.

- gain and interest received from investment of amount of fund.
- loans from Nepal Government.
- from any other sources.

ALLOCATION OF SOCIAL SECURITY NUMBER

A unique social security number shall be assigned to all contributors and mentioned in the identity card to be issued. Benefits of social security shall be available to contributors depending upon the identity card and its unique identification number.

NO SOCIAL SECURITY WITHOUT CONTRIBUTION

No person shall be eligible to Social Security under the provisions of Social Security Act, 2074 unless contribution to social security has been made.

LISTING OF EMPLOYER

- Existing employers are required to get listed in the Fund within 6 months from the commencement of this Act and are obligated to comply with the instructions of the Fund. The related employee can notify the fund if the employer is not listed within the specified time. The Fund can direct the employer for listing.
- Provisions related to listing of employee from informal sectors, self employed individuals have not been prescribed as yet. The enlisting of government employees shall be determined by the Government of Nepal.

CONTRIBUTION TO THE FUND

- Listed employers shall regularly deposit contributions as specified, to the Fund on a monthly basis, unless otherwise specified or where full month's contribution is not required, beginning from the day of listing of employee, till last day of employment.
- Contribution shall be deposited to the Fund within 15 days from the end of the month.

DELAY IN DEPOSIT OF CONTRIBUTION

- Interest at the rate of 10% in addition to the amount of contribution shall be charged by the Fund for failure to deposit the contribution within 15 days from the month end.
- Enlisted employer can within 30 days, after the due date for depositing the contribution, file an application in writing, specifying reasons and basis of occurrence of uncontrollable event, for the delay. If the explanation so provided is considered reasonable, Fund shall provide full or partial waiver in interest amount and permit deposit with or without interest.

FAILURE TO DEPOSIT THE CONTRIBUTION

The Fund will notify the following actions to the related institution of the following actions to be complied within 15 days of the notification, if the contributions are not deposited:

- Freeze bank accounts of such employers.
- Freeze movable and immovable properties of such employers.
- Abrogate all the facilities received by law.
- Cancel the license of such employers.
- Freeze the passport of concerned personnel.
- Contribution by employer on behalf of employee

Enlisted employer shall contribute in the fund on behalf of employee, for a maximum period of 3 months, in case, where for any reason, the related employee is not entitled to salary and fails to deposit his/her contribution to the fund in regular basis.

ENTITLEMENT IN SOCIAL SECURITY PROGRAM

Contributor to the fund is entitled in Social Security program as prescribed, in proportionate basis of contribution, for period as specified in the fund.

RECOVERY OF CONTRIBUTION

If any person who is not associated with Social Security program is facilitated with benefits under this scheme, or If any person associated under the scheme is facilitated with benefits in excess of his contribution; and such information is obtained to the Fund in any manner then such amount is recoverable from such person as specified by the Fund and deposited in the Fund.

INSTRUCTIONS FROM THE FUND

If any employer is not enlisted within the prescribed time, or employees of the enlisted employer are not enlisted, then the Fund can issue the following instructions:

- To enlist with the Fund immediately.
- Payment of applicable interest from date of agreement with such employee as specified in section 9.
- Upon termination of employer employee relationship, to pay within time limit specified, an amount equivalent to benefits aroused during the period of such relationship, according to the Act.
- On failure to pay such amount by the employer, the Fund shall recover such amount and provide to the employee.

NOTIFY IF NOT IN EMPLOYMENT

- The enlisted employer should notify of discontinuation of the employment of any employee to Fund within one month of such separation.

INVALIDITY OF ENLISTMENT NUMBER

Upon liquidation, dissolution or winding up of enlisted employer, enlistment number provided under section 19 shall become invalid.

OFFENCE UNDER SOCIAL SECURITY ACT

The following acts shall be considered as an offence:

- If any amount to be deposited in this fund is not deposited within due date as specified in this Act, and has misused such amount.
- Availing benefits presenting false information or availing benefits in excess of entitlement
- Irregularity in any function of social security.

A penalty of Rs 100,000 or imprisonment for 1 year or both shall be levied if the amount is cannot be quantified and where quantifiable the penalty shall be equal to the amount involved in the offence. For other person who have assisted in the office, the penalty shall be 50 percent of the punishment accorded to the principal offender.

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