CHAPTER 05 · COMPLIANCE MANUAL · 2024 EDITION

Payment of Wages Act

*This chapter is an extract from **The RST Compliance Manual**, a regulator-mapped reference for Indian business entities curated by the partners of R S T & Co.*

The Payment of Wages Act, 1936 regulates payment of wages to employees (direct and indirect).

The act is intended to be a remedy against unauthorized deductions made by employer and/or unjustified delay in payment of wages.

5.1 Applicability

Persons employed in registered factories, drawing earned wages not exceeding Rs. 24,000 p.m.

5.2 Compliances

5.2.1 Books Maintenance

Wages Register

Register of Advance

Register of Fines

Register of Deductions

5.2.2 Filing of Returns

Form No	Periodicity	Due Date
Form IV	Annual	15th Feb of subsequent year

5.2.3 Disbursment of Wages

Payment of wages in time

No. of Employees	Time Limit
Less than 1,000 employees	7th of subsequent month
1,000 or more employees	10th of subsequent month

Wages must be paid only on a working day and not on a holiday.

All wages must be paid in current coin or currency notes or by cheque or by crediting the wages in the bank account of the employee.

In case, employment of any person is terminated, the wages earned by him must be paid before the expiry of the second working day from the date of termination.

Delay in payment of wages or unauthorized deduction:

When there is delay in payment of wages or any deduction has been made from the wages, an application can be made to the authority.

The authority may direct the employer to refund the excess deduction or may direct to make payment of wages together with the payment of compensation.

5.3 Penalty for Contravention

Penalty for not maintaining records:

When a person required to maintain any records/register or furnish any information/return, fails to do so or willfully refuses or neglects, he would be punishable with a fine of Rs. 1,500 upto Rs. 7,500.

Penalty for serial offenders:

Where a person who has been convicted of an offence punishable under this Act is again guilty of an offence involving contravention of the same provision, he would be punishable with an imprisonment for a term of 1 month upto 6 months and fine payable would be Rs. 3,750 upto Rs. 22,500 or both.

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***End of Chapter.** For the complete Compliance Manual, additional chapters, or a tailored briefing for your finance and compliance teams, contact **info@rstandco.co.in**.*