

# SITE Association of Industry

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**Circular No.063**

Dated: 25 May 2019.

**Filling of Constitutional Petition in Sindh High Court against SESSI's Demand of paying contribution on variable wages instead of Minimum Wage**

Dear Members,

We have received below circular from the Employers Federation of Pakistan which is self-explanatory. Interested Members may contact them directly.

Regards,

**Dr. Syed Azhar Ibne Hasan**  
Secretary General  
SITE Association of Industry

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## Employers' Federation of Pakistan

**Circular to Members**

Dear Members,

**Sub: Filling of Constitutional Petition in Sindh High Court against SESSI's Demand of paying contribution on variable wages instead of Minimum Wage**

It has been brought to the notice of EFP that the Social Security Institution has started sending demand notices asking for payment of Social Security Contribution on variable wages instead of minimum wage. Moreover, SESSI has also started sending demand notes for recovery under Land Revenue Act.

A consultative meeting of EFP member organizations was held on 20<sup>th</sup> May, 2019 at the EFP Secretariat at 12:00 Noon. The meeting was attended by over 40 participants representing 27 companies.

Mr. Zaheer Minhas Advocate Supreme Court explained the amendments made in the Sindh Employees Social Security (Amendment) Act 2018 and told that SESSI Contribution should be given on the basis of 6% of the Minimum Wage. Moreover, Social Security has no legal justification to demand Social Security Contribution on the basis of variable wage rate between 16,200 and 21,200 as the Second Proviso in Section 20 after amendment as for

the Sindh Employees Social Security (Amendment) Act 2018, very clearly and without any ambiguity requires the payment of Social Security Contribution to be made on the prevailing Minimum Wages.

It was also decided that in view of the decision of the Supreme Court, that all welfare contributions are Fee and not Tax, the recovery of Social Security Contribution can not be made as arrears of Land Revenue.

Companies present complained that SESSI directorate officials were pressurizing companies to pay their arbitrarily demanded payments and, in some cases, have gone to the extent of threatening for the confiscation / attachment of company's property.

**After conclusive discussion on various aspects of the case, it was decided with consensus that Employers' Federation of Pakistan should facilitate the aggrieved companies to file a Constitutional Petition in the Sindh High Court to challenge the illegal demands of Social Security Institution and recovery procedure under Land Revenue Act.**

We are also pleased to inform our members that our panel of lawyers will consists of Mr. Zaheer Minhas Advocate Supreme Court and Barrister Haroon Duggal.

The members are also informed that a special fee package of Rs 150,000/- as Professional fee and Rs 25,000/- as Court Expenses per company has been negotiated which will cover the total cost of litigation in High Court of Sindh.

Companies receiving demand notices from SESSI and intending to join as a party in the filing of Constitutional Petition are requested to send:

1. The consent letter (sample attached)
2. Authority letter (sample attached) duly printed on their company's letter-head with the signature of the authorized officer and stamp.
3. Copy of the SESSI notices demanding contribution on variable wages.
4. Any reply sent to SESSI
5. Any reply received from SESSI
6. A crossed cheque of Rs. 1,75,000/- (net) in favor of "Employers' Federation of Pakistan".

Your earliest response will be appreciated since we intend to file the Petitions by the end of the current week as discussed in the meeting.

**With warm regards;**

**Fasihul Karim Siddiqi**

**Secretary General**

**Employers' Federation of Pakistan**

Cell: 0300-8237979; Tel: 021-32411551

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Wallace Road, Off. I.I. Chundrigar Road, Karachi - 74000.

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## CONSENT LETTER

[Date]

SECRETARY GENERAL  
EMPLOYERS' FEDERATION OF PAKISTAN  
2ND FLOOR, BUILDING NO.2  
WALLACE ROAD OFF I.I CHUNDRIGAR ROAD  
KARACHI

Dear Sir:

**SUB: CONSENT LETTER**

We, M/s \_\_\_\_\_, do hereby give our consent to file the Constitutional Petition in the Hon'ble Sindh High Court for **Challenging the illegal demands of Social Security Institution for paying the contribution on variable wages instead of Minimum Wage and recovery procedure under Land Revenue Act.**

A crossed cheque/pay order of Rs. 1,75,000/- (One Lac Seventy-Five Thousand Only), (Net of tax) in favor of '**Employers' Federation of Pakistan**' to cover the processing and legal fees of the case is enclosed.

As advised, the Authority letter with necessary signature and stamp will be sent to the EFP Secretariat.

Signature: \_\_\_\_\_

Name of Authorized Official: \_\_\_\_\_

Designation: \_\_\_\_\_

Date: \_\_\_\_\_

Date:

**Sub: Authority Letter**

We **M/S** \_\_\_\_\_ hereby authorize Mr. S M Mustaqeem S/o Muhammad Mohtashim bearing CNIC # 42501-9760365-1, Law Officer, Employers' Federation of Pakistan to file a Constitutional Petition in the High Court of Sindh against the Federation of Pakistan in respect of Sindh Employees Social Security Institution. He is further authorized to engage counsel, sign petition, and swear affidavits, and to take all steps which are expedient for the above purpose.

**Signature**

**Name** \_\_\_\_\_

**Designation** \_\_\_\_\_

**Company Stamp**