

Provisions relating to Social Security Fund in Nepal

The scheme of contribution based Social Security Fund (SSF) is regulated by Social Security Act, 2018 (2075) billed as a 'birth of new era' while promising the 'protection of working class' which was passed by Parliament on July 24, 2017 and was effective from November 11, 2017.

It provided the legal framework for covering the provision of social insurance to all the workers mandatorily with the vision of welfare society which is a major step towards ensuring the right to social security envisioned by the Article 34 of Constitution of Nepal, 2015 (2072) further described under The Labor Act, 2017 (2074) and labor regulation.

With the aim of attracting more workers and employers to join the contribution based social security scheme, the government has made several changes in the laws governing the plan and has made second amendment to **Social Security Scheme Operating Procedure 2018**, which is a separate directive that widens the coverage of scope for beneficiaries and also streamlines the access to facilities under the scheme. This questionnaire covers Frequently Asked Questions related to Social Security Fund:

1) Who can participate in Social Security Fund?

- Gazette notice dated November 12, 2018 requires all the employers and employees to be enrolled with the fund within 3 months of establishing the employment relationship without specifying any particular sector of business, industries, services etc.
- So, all employers and employees of government as well as informal or private sectors and self-employed individual can participate in Social Security Fund.

2) Is it compulsory to get enrolled in Social Security Fund?

- According to the provision in Labor Act, it is compulsory to participate in the Social Security fund.
- However, in the writ petition filed by trade unions of 22 commercial banks, a joint bench of Supreme Court has issued an interim order against the Social Security Fund, asking the authorities to halt the implementation of the mandatory rule for the employees of the private companies to be listed in the SSF on 3 August 2021.

3) What happens to the existing fund in Retirement Fund or under the custody of employer?

- If the employee opts to transfer existing contributions, same shall be transferred to the Social Security Fund within 6 months of listing the employer either in a lump sum or in three installments.

- And if the employee opts not to transfer existing deposits, same can be paid off to the employee or continue to keep the same in existing retirement fund.

4) What documents are required for being enlisted in Social Security Fund?

- Following documents are required for being enlisted in Social Security Fund:

Employer	Certificate of Company Registration
	VAT/PAN Certificate
	Detail information of Employer
	Application for enrollment
Employees	Details of Employees
	Citizenship of Employee/ Passport/ PAN
	Employees's PP size Photo

5) How are contributors enrolled in Social Security Fund?

Employer must register its name under Social Security Fund through online application <https://sosys.ssf.gov.np/> submitting all the required documents.

(Employers get their certificate within two days of their application.)

Employers should register its existing employees and get their social security number after being registered. And is also responsible to enroll future employees within three months of establishing the employment relationship, through online application submitting all required documents.

6) How does the mechanism of Social Security Fund's registration works if an employer leaves that employment and goes for next?

- In case of termination of employment, the employer must inform its employee's termination within one month of such termination.
- And then, Employees can file an application to transfer the amount contributed to the fund to their new employment through that same social security number.

7) How is the Social Security Fund Contributed

Employer are to deposit a total of 31% amount in the SSF. Whereby,

- 11% of the total amount is to be deducted from basic remuneration of employee and
- The additional 20% of the basic remuneration is the employer's contribution.

Rate of the amount to be deposited:

<i>S.N</i>	<i>Heading</i>	<i>Employer</i>	<i>Employee</i>	<i>Total Rate</i>
1.	Provident Fund as per Labor Act 2074	10%	10%	20%
2.	Gratuity as per Labor Act 2074	8.33%	-	8.33%
3.	Medical and Accidental Insurance	1.67%	-	1.67%
4.	Social Security Tax	-	1%	1%
Total		20%	11%	31%

- The bonus to be deposited in to the National Level Welfare Fund (as per Bonus Act) shall also be deposited to the Social Security Fund.

8) Who will contribute to Social Security Fund during the nonpayment of the salary?

- In the case of nonpayment of the salary, where an employee is unable to deposit one's contribution to the Fund, Employer should deposit such amount for a period of up to three months.
- And that amount may be recovered by deducting from salary, incentives or other benefits the employee receives.

9) What are the benefits of Social Security Fund Scheme? And how is the deposited fund allotted under it?

Different benefits of the Social Security Fund Scheme includes:

Medical Treatment, Health and Maternity Protection Scheme= 1%

Accidental and Disability Protection Scheme= 1.40%

Dependent Family Protection Scheme= 0.27%

Old Age Protection Scheme= 28.33%

10) What is the timeline for the coverage of Medical and Maternity Protection Scheme?

- This protection scheme activates after contributing for at least 3 consecutive months and shall be provided till three months from discontinuing of such contribution.

11) What are the benefits available under Medical and Maternity Protection Scheme?

- Medical consultancy fee
- Hospital admission fee and surgery charges
- Diagnosis and treatment expenses
- Medication expenses
- Medical Expenses incurred during the pregnancy of contributor or contributor's wife, hospital admission, surgery (CS), expenses related to treatment related to delivery for up to a period of 6 weeks after delivery and for treatment of child up to 3 months,
- In case the patient is under home treatment due to disability to travel, total consulting fees of physician incurred.

12) What are the limitations Medical and Maternity Protection Scheme?

- If the contributor is admitted at hospital, payment not exceeding 1 lakh shall made directly to the hospital where he/she is admitted. And if not admitted in hospital but has been undertaking medication at home, payment up to 25,000 is given.
(20% of the net expenses incurred in above condition shall be borne by the contributor. The Fund shall not provide the benefit higher than 1 lakh Rs. in one fiscal year.)

- Female contributor or wife of the male contributor who has recently given birth to a child is entitled to benefit equal to one month's minimum basic salary for each newborn which benefit is also payable in case of abortion after 24 weeks or miscarriage.
(In case both the husband and wife have contribution in the fund, only one can claim the benefit.)

13) What are the conditions for benefit lieu of leave period?

- If the sick leave exceeds the entitled sick leave days, 60% of basic salary shall be provided for sick leave above the time period as provided by the employer for period of up to 13 weeks in a year.
- If the leave days exceeds the paid maternity leave days, she shall be provided 60% of basic salary for maternity leave above the time period as provided by the employer for period of 98 days.

14) What is the timeline for Accidental and Disability Protection Scheme?

- In the case of employment related accident, benefit is applicable from the date of contribution to the fund and ends at the date when contributor stops making contribution.
- In case benefits for the treatment of occupational diseases and any other related benefits, contributor should have contributed at least for 2 years, and will remain effective for 2 years after contributor stops making contribution

15) What are the benefits available under Accidental and Disability Protection Scheme?

Conditions	Available Benefits
Employment related accident or Occupational diseases.	Entire expenses incurred during treatment. (However, fund shall not bear expenses more than Rs.7 Lakh if the contributor or family member does not notify the fund and receives treatment from health institution other than those prescribed by the fund.)
Accident except the employment related accident.	Medical expenses up to Rs.7 lakh. (However, if the contributor receives insurance, the fund shall only cover the remaining amount.)
Temporary full disability due to employment related accident or occupational health hazard	Amount equivalent to 60% of the employee's basic salary shall be provided until such contributor return to work.
Permanent disability due to occupational hazard or diseases.	Lifetime monthly pension shall be provided based on ratio of disability of Contributor. (ratio; by health committee) (Amount paid monthly as pension should not be below 60% of minimum basic salary and should not exceed 3 times of the minimum basic salary.)

16) What are the benefits under Dependent Family Protection Scheme?

Pension amount to spouse	Eligible on death of Contributor (by any reason)
	60% of basic salary at the time of death of contributor
	Is not eligible if contributor is in another marriage or has alternative employment
	Can only apply if he/she is not entitled to pension during old age after termination of the employment.
Educational benefits to Children	Children below 18 years shall receive 40% of monthly pay in case of death of contributor.
	If more than one eligible child maximum of two children shall receive the 40% of basic salary as benefit in proportion.
	In the continuity of education, such benefits shall be provided until the age of 21 unless he/she gets married or completes the studies earlier.
	In case of physically or mentally unable to work, the age bar shall not be applicable
Benefits to Dependent Parents	Eligible if the deceased is the only child with no spouse or children.
	The dependent parents shall be provided 60% of the last received basic salary for the rest of their lives.
	If both father and mother are alive, the amount shall be provided proportionately.
Funeral/Final rites Expenses	On the death of the contributor, the nearest dependent family or the beneficiary shall be provided 25 Thousand rupees.

17) What benefits are included in Old Age Protection Scheme?

- The 23.33% of total contribution segregated in old age protection scheme includes:-
Pension Scheme: 20%
Retirement Benefit Scheme: 8.33%

18) What is the provision for participation in Pension Scheme?

- Employees who starts contributing to the Fund prior to 1 Shrawan 2078 should apply if they want to be included in pension scheme.
- And employees commencing contribution to the Fund since aforesaid date or after that shall be included in Pension Scheme.

19) Who can we get benefits of Pension Scheme?

- Contributor who have completed the age of 60 and contributed for 180 months can be entitled to benefits under pension scheme.
- If the contributor reaches 60 years prior to contributing for 180 months, then he/she may choose to receive pension every month or amount in lump sum.

20) How is benefit of Pension Scheme determined?

- The total of the amount of 20% of the basic salary which is segregated every month to contribute in the Pension Fund shall be divided by 160.
- The resulting amount shall be provided as pension every month for the entire life of the contributor.

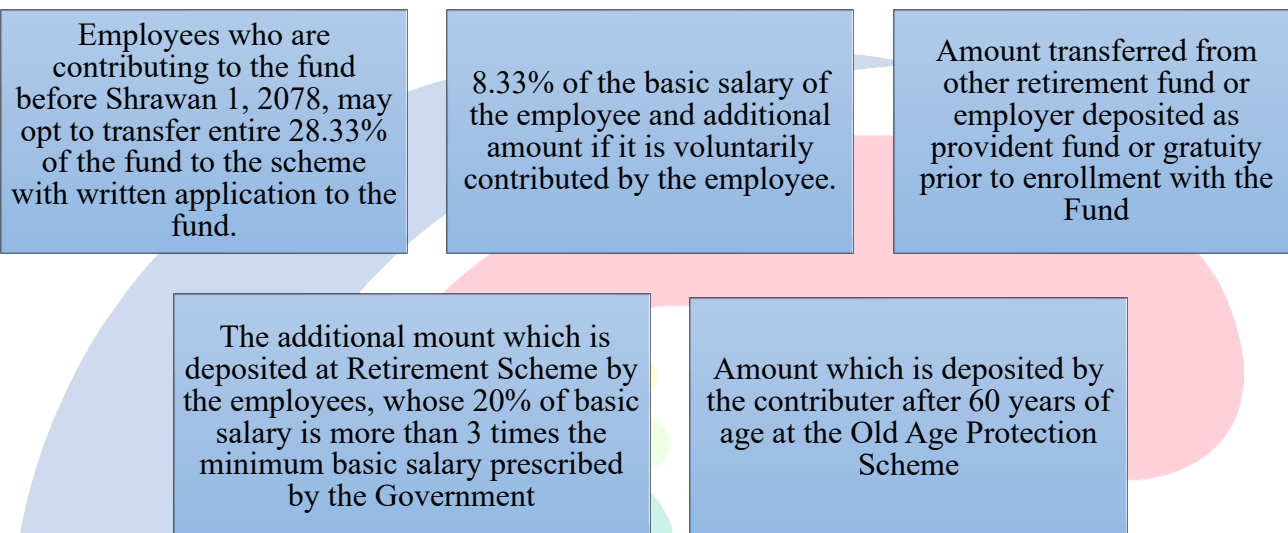
21) What happens to pension scheme in case of death of contributor?

- In case of death of contributor receiving the pension before getting it for 180 months, the spouse of contributor with no alternative employment or pension facility, will get pension, for lifetime, equivalent to 50% of the eligible pension amount.
- This benefit is not applicable if the contributor's spouse has done another marriage or if the marriage status no longer continues.

22) When can contributor receive the benefit of retirement scheme?

- Contributor or his/her beneficiaries can receive lumpsum along with returns of retirement fund in following conditions:
 - Retirement of the contributor
 - Termination of the employment and
 - Death of contributor

23) What amounts are deposited under Retirement benefit scheme?



24) What are the different types of loans which can be obtained by borrowing scheme of Social Security Fund?

Special Borrowing

80% of the total amount deposited in the Retirement Fund Scheme shall be allowed for this borrowing, where no additional collateral is required.

Contributor who has contributed regularly for atleast 36 months prior such borrowing shall only be eligible for it

For those who are contributing before Shrawan 2078, where the amount of pension fund can be transferred to retirement fund can also avail this borrowing.

Housing Loan

Contributor who has contributed regularly for atleast 36 months prior such borrowing shall only be eligible for it

Maximum limit of housing loan is 75 lakhs or 15 years of remuneration and the contributor should not have crossed 60 years.

In this loan additional collateral or personal guarantee is required.

Education Loan	Contributor who has contributed regularly for atleast 36 months prior such borrowing shall only be eligible for it
-----------------------	--

The maximum limit of education loan is 35 Lakhs

In this loan additional collateral or personal guarantee is required.

Social Works Borrowing	There is no precondition of working duration as eligibility for this loan
-------------------------------	---

The maximum limit of this loan is 5 Lakhs.

Additional collateral or personal guarantee is required.

25) What is the provision of Social Security Fund in case of contribution by foreigners?

- Foreign employees can repatriate the amount in lumpsum which they have contributed to the old age protection scheme upon termination of their employment.
- If any Nepali national who have been contributing in the fund revokes their Nepali citizenship and acquires foreign citizenship, they shall also be treated as foreign national.