

HR & Labour Laws

Insights

Made Easy...

DECODING

NEW LABOUR CODES

WHAT EVERY BOSS AND
EMPLOYEE MUST KNOW

CODES
— MADE —
SIMPLE
PRACTICAL
POWERFUL

.....

Registration & Wage
Impact on Cost and
Compliance





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SPECIAL ISSUE • LABOUR CODES 2026



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A HUMBLE TRIBUTE TO OUR FOUNDER

LATE SH. K. M. GUPTA JI

RENOWNED LABOUR LAW ADVISOR



This newsletter series is dedicated to our Founder, Late Sh. K. M. Gupta ji, a **respected authority** on labour laws who devoted more than five decades to helping industry navigate complex labour and service issues with clarity, fairness, and compassion. His lifelong commitment to making labour law simple, practical, and meaningful continues to guide us at DSB Law Group.

These newsletters are a humble tribute to his **enduring mission**, an effort to share his legacy of knowledge, writings and wisdom and to make legal knowledge accessible and beneficial for all those navigating the new labour law era.

Team DSB Law Group

“

*His Vision. Our Commitment.
Your Success.*

”

Decoding the New 2025 Labour Codes

A STEP AHEAD

India is entering a major shift in its labour and employment framework. The four new Labour Codes covering Wages, Social Security, Industrial Relations, and Occupational Safety and Health are set to reshape the way employers, employees, and professionals understand and manage workplace.

DSB Law Group is introducing a weekly newsletter series running into 20 editions with an objective to create awareness and bring clarity amongst the stakeholders and a Guide to all concerned. Each issue will share **key takeaways, checklists, FAQs, and brief interpretative notes** so that compliance becomes easier to understand, quicker to apply, and simpler to implement in practice.

EACH ISSUE WILL INCLUDE:

Key concepts from one of the four Labour Codes.

Payroll, and wage insights.

Compliance and filing timelines.

FAQs and practical legal interpretations for benefit of Employers and Employees.

Critical responses to queries sought by the employers and employees.

Timely, concise, and actionable updates on major developments.

As the implementation process progresses and states continue to notify and finalize their rules, staying informed has become more important than ever. Many employers and practitioners are still unsure about issues such as wage definitions, compliance timelines, and payroll restructuring under the new regime.

STAY TUNED

This initiative also reflects the legacy of **Late Sh. K. M. Gupta ji**, whose lifelong belief was that laws should clarify, not complicate. Our objective is simple: to empower employers, HR professionals, and employees to understand these laws clearly and use them effectively in practice.

CA Kanika Gupta

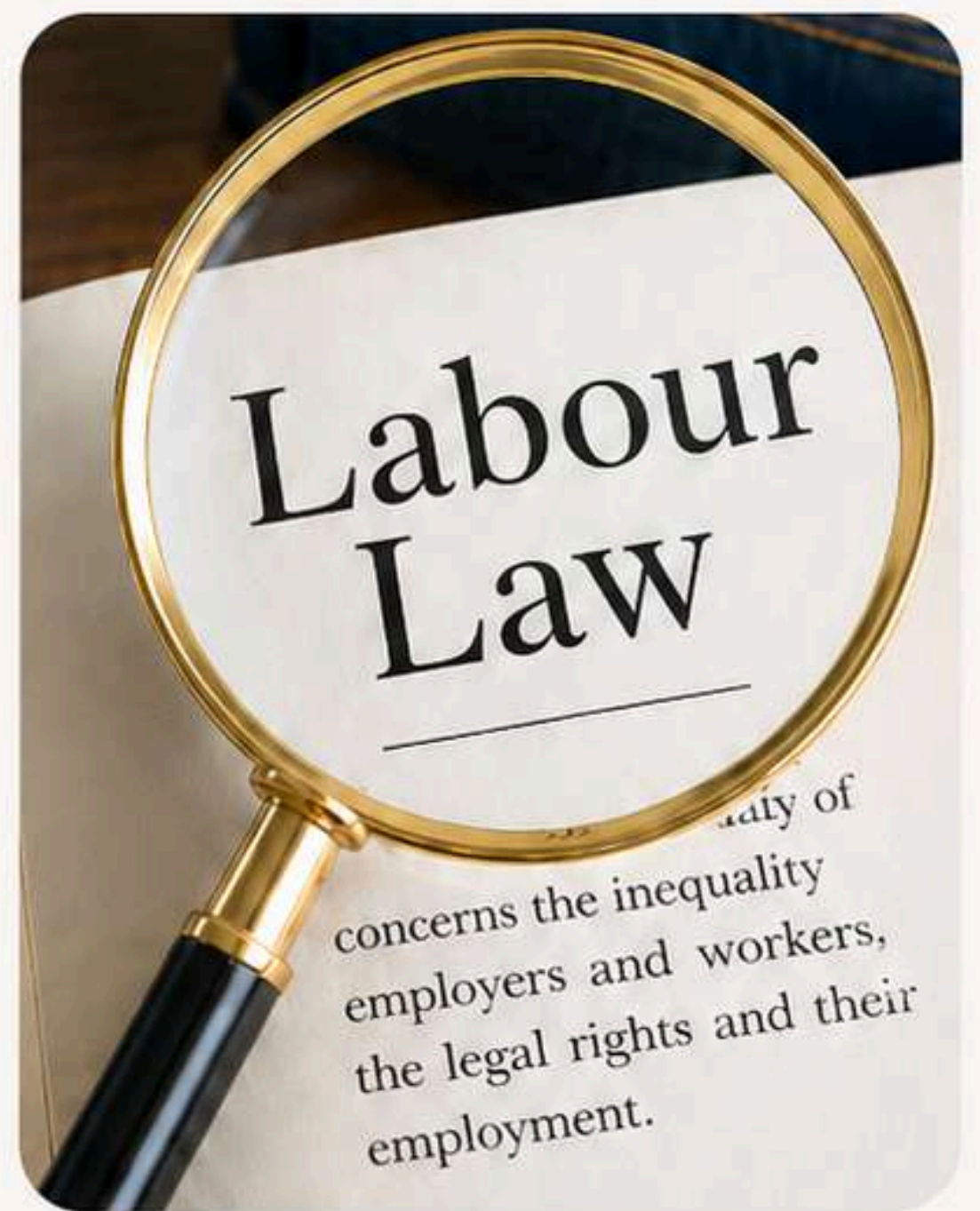
Editor



A NEW ERA OF LABOUR LAWS BEGINS

India's four new Labour Codes on Wages, Social Security, Industrial Relations, and Occupational Safety and Health are poised to redefine the employment landscape in 2026.

By consolidating 29 existing laws into a more unified and modern framework, these Codes aim to improve compliance, transparency, and protection across sectors.



At the same time, the rollout remains transitional, with states continuing to frame and notify their rules. For employers, HR leaders, and workers, this period presents both opportunity and uncertainty. The result is a strong need for clear, practical guidance that can help readers adapt without delay.

UPCOMING BOOK DECODING LABOUR CODES 2026 - SIMPLIFIED

In the coming editions, Decoding Labour Codes will bring you practical insights on each Code-Wages, Social Security, Industrial Relations, and Occupational Safety and Health. Look forward to simple explainers, compliance timelines, FAQs, and actionable guidance for both employers and employees, to help you stay informed and prepared for what lies ahead.

KEY TAKEAWAY

This transformation calls for awareness, compliance, and proactive action.
Stay informed. Stay prepared. Stay ahead.

Dinesh Gupta
Editor-in-Chief

DSB
LawGroup



FOUR LABOUR CODES

NOTIFICATIONS • FAQs • GUIDANCE • CIRCULARS



The Government has released multiple notifications and FAQs under the New Labour Codes framework. These include official rules, circulars, and interpretative guidance designed to support employers, professionals, and stakeholders.

All key references are consolidated here to provide clarity and easy access to verified resources.



KEY RESOURCES

 RESOURCE	 WEBLINK
1 Code on Wages, 2019	Click Here
2 Code on Social Security, 2020	Click Here
3 Industrial Relations Code, 2020	Click Here
4 Occupational Safety, Health & Working Conditions Code, 2020	Click Here
5 Industrial Relations Code (Amendment) Act, 19.12.2025	Click Here
6 FAQ dated 19.12.2025	Click Here
7 FAQ dated 23.12.2025	Click Here
8 FAQ dated 30.12.2025	Click Here
9 FAQ dated 09.01.2026	Click Here
10 FAQ on OSH dated 13.03.2026	Click Here
11 FAQ dated 16.03.2026	Click Here
12 Compliance Handbook for Employers	Click Here



CONFUSION?

What are the **key difficulties employers** may face under the new labour codes, and what are the **practical solutions**?



Click for more Details:
www.dsblawgroup.com

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CHALLENGES FOR EMPLOYERS: THE NEW LABOUR CODE AND PROBABLE SOLUTION

EMPLOYERS' CHALLENGES UNDER 2026 LABOUR CODES + SOLUTIONS		
CHALLENGES	IMPACT	PROBABLE SOLUTION
Applicability to every employee	No Wage Limit	Restructure/Redesign in compliance with New Law
Applicability to Every Establishment	State and Central laws	Register immediately
50% Basic Salary Rule	PF/Gratuity costs up 50%–75% ; Complex Definition of Wage	Restructure/Redesign in compliance with New Law
Wages by 7th	Cash flow strain ± ₹50K penalties for delay	System based payroll
Penalties	₹50K to ₹5 lakh	Meticulous Compliance & Awareness
The 48 hours rule	Relieving within 48 hours	Process to be defined
Contract Labour Restriction	Core activity ban = direct hiring costs up	Audit vendors and Plan
State Rules Uncertainty	Delhi draft vs Maharashtra notified = confusion	Follow central rules. Update
Registration Overload	5+ portals, 60-day deadline	Single Shram Suvidha portal.
Digital Records Mandate	Manual registers obsolete overnight	Payroll software.
Gig Worker Fund	1–2% turnover contribution unclear	Calculate on platform revenue.
OSH Officer (Factories)	New appointment + training costs	Part-time safety officer
Standing Orders (300+)	Certification within 6 months	Align with new codes / Use template service rules. Submit draft by May 2026.

Early compliance = competitive advantage.

As we close this series, we must address the most common question:

“WHICH RULES DO I FOLLOW?”

Labour is a Concurrent Subject in India. While the **Central Codes** are the foundation, the **State Rules are the walls.**

AS OF APRIL 2026:

Haryana & UP:

Are among the leaders in notifying/finalizing rules.

Delhi & Maharashtra:

Have released detailed drafts that are currently being reconciled with industry feedback.

THE STRATEGY:

Even if your state has only “Draft Rules,” the Definition of Wages (The 50% Rule) and the 48-hour F&F Rule are already operative.

Do not wait for the final state gazette to begin your payroll restructuring.

KEY ACTION:

Stay informed, plan proactively, update systems, and strengthen compliance today—to stay ahead tomorrow.

The 50% Rule — Is Your Payroll Ready for 2026?

By: DSB Law Group / Dinesh Gupta

If you are an employer or an HR head in India today, your biggest question about the **New Code on Wages** is likely this: *How will my CTC (Cost to Company) change?*

For decades, many businesses kept "Basic Salary" low (often at 20-30% of total pay) and loaded the rest into various allowances like HRA, Travel, and Special Allowance. The goal was simple: reduce the burden of PF and ESI contributions.

That era ended on **November 21, 2025.**

The New Math: The 50% Threshold

Under the New Labour Codes, the definition of "Wages" has been unified. The law now states that **excluded components**(allowances like HRA, conveyance allowance, commissions, etc.) **cannot exceed 50%** of the total remuneration.

The Impact: If your allowances are 70% of the salary, the excess 20% will now be added back to the "Wages."

- **For the Boss:** This means your PF, ESI, and Gratuity liabilities will suddenly increase.
- **For the Employee:** Your retirement savings grow, but your monthly take-home pay might shrink.

A Practical Example:

Imagine an employee with a gross salary of **₹50,000**.

- **Old Structure:** Basic was ₹15,000 (30%). Allowances were ₹35,000 (70%).
- **2026 Requirement:** Basic must be at least ₹25,000 (50%).
- **The Result:** The employer must now pay PF/ESI on ₹25,000 instead of ₹15,000.

3 Steps to Take This Week:

1. **Audit Your Salary Heads:** Identify every allowance currently being paid.
2. **Run a Simulation:** Calculate your new liability if you shift to the 50:50 ratio.
3. **Restructure, Don't Just React:** Look at restructuring your "Service Conditions" to ensure you stay compliant without blowing your budget.

For FAQs and More details on 50% Wages Rule: [Click Here](#)

Why this matters now: The government's new inspection scheme is 'digitally randomized.' You won't get a warning; you'll get a notification on the Shram Suvidha portal.

What the New Labour Codes Mean for Registration and Payroll

The market-facing angle is to emphasize **business impact, employer readiness, and payroll consequences**, since the new codes are being positioned as a simpler, more digital compliance framework with direct effects on wage structures and employer registrations. Read the full storey at www.dsblawgroup.com

FAQs and For More details on Clarifying issues on Registration: [Click Here](#)

Coming Up Next Week: *The 48-Hour Clock: How to manage Full & Final Settlements (F&F) under the new 2-day rule*

Note from Editor's Desk

This series is a preview of our upcoming book, "**Decoding the 2026 Labour Codes.**" This work is a tribute to the 50-year legacy of my father, **Late Sh. K.M. Gupta**, who always believed that *clarity in law leads to harmony in the workplace.*

Stay tuned as we continue to make these complex codes **Simple, Practical, and Powerful.**

Engagement: Ask in the comments: *"Is your organization planning to restructure payroll this quarter?"*



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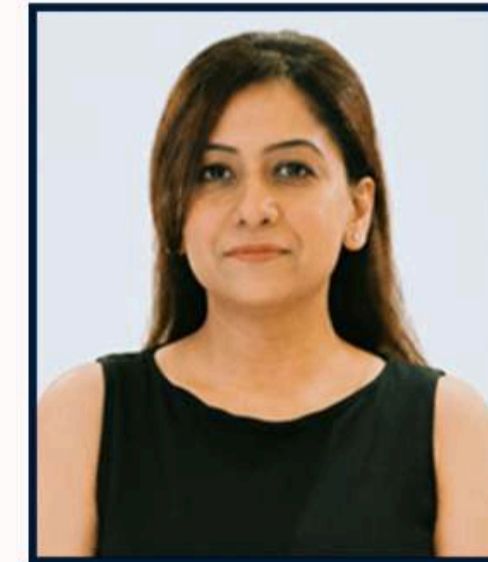
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DSB LAW GROUP PVT. LTD.

Trusted Legal Advisors. Strategic Business Partners.

A LEGACY OF GROWTH & EXPERTISE

- Founded in **1967** by **Shri K.M. Gupta**, DSB Law Group has evolved from a specialized taxation practice into a full-service legal and business advisory firm.

- Under the leadership of **Shri Dinesh Gupta**, the firm has expanded into corporate law, banking, NBFC regulations, and governance frameworks—combining legal precision with strategic insight.

- With decades of experience, DSB Law Group delivers forward-thinking, practical solutions tailored to evolving business environments. Our expertise spans regulatory compliance, operational strategy, and business expansion—helping clients navigate complexity with clarity and confidence.

- We partner with enterprises across sectors to build scalable, compliant, and sustainable growth strategies.

At DSB Law Group, we are committed to excellence, integrity, and building enduring partnerships.

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