



India Payroll Updates: ELI Scheme, SPREE 2025, and PAN-Aadhaar Relief

In a landmark move to catalyze employment and formal workforce expansion, the Government of India has introduced the Employment Linked Incentive (ELI) Scheme, which was announced in Budget 2024–25 and approved by the Union Cabinet in July 2025. With an ambitious target of generating over 35 million jobs in just two years and a financial outlay of INR 1 trillion, the scheme offers dual incentives, supporting both first-time employees and employers registered with Employees' Provident Fund Organization (EPFO).

Complementing this initiative is the introduction of Scheme for Promotion of Registration of Employers and Employees (SPREE) 2025, by Employees' State Insurance Corporation (ESIC) and a big relief from higher TDS/TCS deduction of

inoperative PAN announced by Central Board of Direct Taxes (CBDT). Together, these announcements mark a transformative step toward inclusive employment and economic resilience.

ELI Scheme

What is Employment Linked Incentive Scheme?

The **ELI** Scheme is a new government initiative to boost job creation. Announced in Budget 2024–25, it offers financial incentives to employers and first-time employees registered with EPFO. Here are a few quick facts about the scheme:

- Approved by the Union Cabinet in July 2025.
- Will cover **jobs created between 1 August 2025 and 31 July 2027**.
- Consists of two parts; **Part A** focused on first timers and **Part B** focused on employers:

Part A: Incentive to first-time employees

Targeting first-time employees registered with EPFO, this Part will offer one-month Employees' Provident Fund (EPF) wage up to INR 15,000 in two instalments. **Employees with salaries up to INR 100,000 will be eligible.** The first instalment will be payable after 6 months of service and the second instalments will be payable after 12 months of service and completion of a financial literacy program by the employee. To encourage savings, a portion of the incentive will be kept in a savings instrument of the deposit account for a fixed period, which can be withdrawn by the employee at a later date.

Part A will benefit around 19.2 million first time employees.

Part B: Support to employers

This part will cover generations of additional employment in all sectors, with a special focus on the manufacturing sector. Employers will receive incentives for employees with salaries up to INR 100,000. The Government will incentivize employers, up to INR 3000 per month, for two years, for each additional employee with sustained employment for at least six months. For the manufacturing sector, incentives will be extended to the 3 and 4 years as well.

Establishments, which are registered with EPFO, will be required to hire at least two additional employees (for employers with less than 50 employees) or five additional employees (for employers with 50 or more employees), on a sustained basis for at least six months.

The incentive structure will be as under:

EPF Wage Slabs of Additional Employee	Benefit to the Employer (per additional employment per month)
Up to INR 10,000*	Up to INR 1,000
More than INR 10,000 and up to INR 20,000	INR 2,000
More than INR 20,000 (up to salary of INR 100,000/month)	INR 3,000

**Employees with EPF wages up to INR 10,000 will get a proportional incentive.*

Part B is expected to benefit employers for the creation of additional employment of nearly 26 million people.

Incentive Payment Mechanism

All payments to the first time employees under Part A of the Scheme will be made through the Direct Benefit Transfer) mode using the Aadhaar Bridge Payment System (ABPS). Payments to the employers under Part B will be made directly into their PAN-linked Accounts.

What is expected of the Employer?

- 1. Complete joining formalities promptly by generating a UAN
- 2. Complete employee Aadhaar seeding
- 3. Ensure the Gross Salary is correctly reported in the Electronic Challan cum Return (ECR) from the wage month of August 2025 onwards

SPREE 2025 – One time initiative by ESIC

What is SPREE 2025?

SPREE – Scheme to Promote Registration of Employers/Employees 2025 is a special initiative by the ESIC, offering a one-time window from 1 July to 31 December 2025 for employers to register their factory/establishments and all eligible employees without any demand of dues for the past period.

Who can benefit from this scheme?

- Employers of factories or establishments (shops, hotels and restaurants, cinema halls, road motor transport establishments, newspaper establishments, private medical institutions, educational institutions, and contract and casual employees of municipal corporations) with 10 or more employees, situated in implemented areas, which are not yet registered under ESI Act despite being eligible.
- Employers who have not registered all eligible employees including temporary, casual, or contractual workers under ESI Act

Why should employers register under SPREE 2025?

- No inspection of past records or demand for dues for periods before the declared date of registration by employer under this scheme
- No contribution liability for the prior period
- Immunity against any action for non-registration in the past

What is the key benefit for employees?

Once registered, employees (insured people) get access to the following from the date of registration of their employer:

- Medical care for themselves and their families.
- Cash benefits in cases of sickness, maternity, injury, or death due to employment, i.e.

protection under the ESI Act, 1948, offering long-term security.

What is the registration process under SPREE 2025?

Employers may register their establishment through:

1. ESIC Portal: <https://www.esic.gov.in>
2. Shram Suvidha Portal (To register, please visit below links):
 - a) <https://registration.shramsuvidha.gov.in/under/register>
 - b) <https://www.mca.gov.in/>

Significant Relief from Higher TDS/TCS Rates caused by inoperative PAN due to non-linkage of PAN & Aadhaar

CBDT in its latest Circular 9/2025 dated 21 July 2025 granted a big relief to employees and employers from higher TDS/TCS deduction caused by inoperative PAN due to non-linkage of PAN and Aadhaar.

What is the relief?

1. For the amounts paid or credited from 1 April 2024 to 31 July 2025, tax shall be deducted or collected at prescribed normal rates and higher TDS/TCS shall not apply if PAN is linked with Aadhaar by 30 September 2025.
2. For the amounts paid or credited on or after 1 August 2025 higher TDS/TCS shall not apply if PAN is linked with Aadhaar within two months from the end of the month in which the amount is paid or credited.

In 2025, payroll compliances in India have seen major reforms aimed at boosting employment and easing regulatory burdens. These updates present a strategic opportunity for HR professionals to align workforce planning with government-backed incentives. This also positions India as a great place for global businesses to build and grow their workforce efficiently.

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