



Tax alert: Karnataka Government passes Platform-based Gig Workers (Social Security and Welfare) Ordinance, 2025, and corresponding rules

7 July 2025

On 30 June 2025, the Government of Karnataka released the draft Karnataka Platform-based Gig Workers (Social Security and Welfare) Rules, 2025. The draft rules have been issued pursuant to the Karnataka Platform based Gig Workers (Social Security and Welfare) Ordinance 2025 ('Ordinance') which was promulgated by the Governor on 27 May 2025. The Ordinance shall come into force on such date as may be notified by the state government in the Official Gazette. Once brought into effect, the Ordinance is required to be laid before the Karnataka Legislative Assembly and Council within 6 (six) weeks of their reassembly, as per constitutional requirements.

In a nutshell



The draft Rules issued under the Karnataka Platform based Gig Workers (Social Security and Welfare) Ordinance 2025, have been released for public consultation. With this, Karnataka becomes the third state in India to propose a legislative framework in relation to gig and platform workers in the country, after Rajasthan.



The Ordinance will come into force on a date notified by the state government. The draft Rules are open for stakeholder feedback for 30 days, from the date of release. The Ordinance and Rules apply to all aggregator or platform-based service providers offering services listed in the Schedule to the Ordinance operating from the state of Karnataka.



The Ordinance prescribes key obligations of aggregators and platforms including:

- Registration of themselves and gig workers
- Remittance of welfare fee
- Fair and transparent contracts
- Setting up of a grievance redressal mechanism
- Promoting algorithmic transparency
- Providing for income security and occupational safety
- Filing of periodic returns of



The Ordinance and Rules also prescribe penalties for non-compliance, including the manner of imposition and recovery of the penalties.



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Brief Background

On 30 June 2025, the Government of Karnataka released the draft Karnataka Platform based Gig Workers (Social Security and Welfare) Rules, 2025¹ ('Rules'), under the Karnataka Gig Workers Ordinance 2025 ('Ordinance')², which the Governor promulgated on 27 May 2025. The Ordinance will come into force on the date notified in the Official Gazette and must be tabled before the Karnataka Legislative Assembly and Council within 6 weeks of their reconvening. The draft Rules are open to stakeholder feedback for 30 days from their release.

Highlights of the Ordinance & Rules

- **Applicability:** It covers every aggregator or platform providing any service in Karnataka as listed in the Schedule ('Scheduled services') of the Ordinance. Scheduled services include ride sharing, food/grocery delivery, logistics and e-marketplaces (both marketplace and inventory models), etc. It also applies to every 'gig worker' (i.e., person engaged in piece-rate work, under a contractual arrangement for defined payment) engaged via these platforms.
- **Registration of aggregators:** Aggregator must register with the Welfare Board ('Board') within 45 days of the Ordinance coming into force.
- **Gig workers and data management:** A unique ID linked across platforms would be issued. Aggregators would need to submit a list of gig workers (who have worked for not less than 90 days and have completed at least one gig with the aggregator) on a secure digital portal, designated for this purpose.
- **Fair contracts, Reasonable Working Conditions and Occupational Safety and Health Standards:** The contracts need to be fair and transparent, clearly outlining pay rates, deductions, incentives, etc. Aggregators or platforms must, as far as reasonably practicable, provide and maintain a working environment that is safe and does not pose a risk to health. The Board would specify sector specific occupational safety and health standards and SOPs.
- **Algorithmic transparency** Algorithmic bias based on religion, caste, gender, etc. is prohibited to ensure non-discrimination. Gig workers may seek information regarding automated monitoring and decision-making systems, to be addressed within 30 days.
- **Termination obligations:** A clear list of grounds for termination or deactivation must be stated. A termination cannot take effect without a 14-day notice being served and written reasons. Exception to this is in the case of bodily harm. Termination process must be in line with principles of natural justice.
- **Income security obligations:** Timely payouts as agreed in the contract. Payments and deductions must be clearly stated in the invoice, by electronically uploading the required data to the Payment and Welfare Fee Verification System ('PWFVS') every quarter.
- **Welfare Fee obligations:** Every aggregator must calculate within 30 working days from the end of each quarter, the welfare fee at a rate between 1%-5% of each gig worker's payout (to be notified by the government from time to time). This would count as the contribution under the upcoming Code on Social Security, 2020. Contributions over and above the mandate would qualify as CSR contributions and be eligible for income tax deductions.
- **Grievance Redressal Mechanism:** Aggregators need to set up an Internal Dispute Resolution Committee ('Committee') to handle issues related to payouts, deductions or termination. The procedure and timelines for working of the Committee need to be in line with that provided in the Ordinance and Rules.

¹ Karnataka Platform based Gig Workers (Social Security and Welfare) Rules, 2025 dated June 30, 2025.

² Karnataka Ordinance No. 04 OF 2025 dated 27 May 2025

- **Submission of Returns:** Aggregators need to submit electronic returns as mandated.
- **Penalties:** Non-compliance can result in fines up to INR 5,000 for first contravention and up to INR 1,00,000 for subsequent contraventions. Failure to pay welfare fees on time would also attract a simple interest of 12% due from the date on which such payment is due till the date of payment. The Rules also prescribe the manner of imposition and recovery of the penalties.

Deloitte comments:

The Ordinance is another step in addressing the evolving nature of gig work, by positioning aggregators and platforms as key actors in ensuring gig workers' social security, despite the absence of traditional employer-employee relationship. It sets out the obligations of aggregators besides algorithmic transparency, human points of contact in multiple languages, and in-app grievance mechanisms, all aimed at strengthening worker protections.

While the Ordinance and Rules are not yet in force, aggregators and platforms should proactively begin compliance readiness—this includes reviewing contractual terms, updating HR and payroll systems, enhancing data governance practices, and proactively engaging with the Board to align with the forthcoming requirements.



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