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Singapore citizens working in India exempt from India PF – Clarifies EPFO

Issue no: GES/07/2017

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Background

- Singapore nationals and permanent residents covered by the bilateral Comprehensive Economic Cooperation Agreement (CECA) between India and Singapore are exempt¹ from making contributions to India Provident Fund (PF). Such employees are considered as “excluded employees”
- However, it has recently come to the notice of the Employees’ Provident Fund Organization (EPFO) and the Embassy of Singapore in India that certain field offices were not taking cognizance of the provisions relating to excluded employees and were insisting that this section of employees had to contribute to India PF and pension. Hence the EPFO has now come out with a clarificatory circular in this regard..

Salient feature of the circular

- The EPFO has, through this circular reiterated that Singapore citizens working in India purely as temporary workers and not qualifying to be permanent residents in India should be treated as excluded employees and hence not subjected to India PF.
- The exemption from contribution to PF in India is available where the employees meet the criteria of being a temporary worker in accordance with the provisions of the CECA. Companies therefore need to examine the conditions of the CECA and avail the exemption where such conditions are met.

Comments

The clarification from the EPFO should put to rest any ambiguities that existed in the treatment to be meted out to Singapore citizens working in India and covered by the comprehensive bilateral economic agreement. Companies with such employees may have to review whether PF contributions are required to be made in India.

It may also be worth mentioning that based on the EPFO notification of 2012, the benefit of exemption from India PF is available to both Singapore citizens and permanent residents. However, the current clarification calls out the benefit to Singapore citizens alone and suitable clarifications from EPFO in this regard would be welcome to avoid challenges to employers at ground level.

Source

IWU/7(14)2008/Singapore dated 14 March 2017 and F.No. S-35025/09/2011/SS-II dated 24 May 2012

Reference

1. Exemption granted under notification dated 24 May 2012 issued by Ministry of Labour and Employment

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