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Process to facilitate payment of PF and withdrawal benefit to eligible international workers on the date of leaving service from India notified

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Background

- International Workers (IWs) are eligible for withdrawal of Provident Fund (PF) and Pension benefits as below:
 - IWs from countries with which India has an effective Social Security Agreement (SSA) can withdraw PF upon ceasing to be an employee of covered establishment. Such IWs will also be eligible for pension benefit if the totalised service period is 10 years or more and withdrawal of pension contributions if the totalised service period does not meet the 10-year service period criteria.
 - However, IWs from non-SSA countries can withdraw PF balances only upon retirement, on attaining the age of 58 years. Further such IWs will not be eligible for pension benefit if the service period with the covered establishment is less than 10 years.
- The Employee Provident Fund Organisation (EPFO) had issued instructions¹ to prioritize settlement of Provident Fund (PF) and pension in case of death within 7 days from date of submission of claim form and in case of retirement on the date of retirement itself. Similar instructions have now been issued for International Workers (IWs).

Highlights of the EPFO Circular

In order to facilitate payment of PF and withdrawal benefit to eligible IWs on the date of leaving service from India, following process is to be followed:

- The employer should remit PF contribution for an IW within three days of the month in which such IW is retiring (i.e. leaving service in India).
For instance, if the IW is leaving service on 7 April, the employer has to remit the PF contributions by 3 April.
- Such contribution has to be made via a separate Electronic Challan cum Return (ECR).
- The employer should submit the completed claim forms by the 6th of the month in which such IW is leaving service.
- The concerned PF officer shall settle the claim and credit the settlement amount to the Indian bank account of the IW on the date of leaving service in India.
- In case the IW desires interest for the month of retirement also, then PF settlement amount will be credited on the first day of the next month.
- Necessary provisions are being made in the software to ensure claim processing before exit from service.

¹ Instructions vide circulars dated 31 Oct 2016 and 1 Nov 2016

Comments

This is a welcome move for IWs eligible for PF settlement and withdrawal of pension benefit, as it enables speedy settlement and credit of proceeds to Indian bank account prior to their departure from India. It is to be noted that the circular does not specifically call out that the process is required to be followed only for IWs who are eligible for withdrawal and pension benefit. However since the provisions on withdrawal has not been modified, the change in process may need to be followed only where IWs are eligible for withdrawals (i.e. IWs from SSA countries and IWs from non-SSA countries who are 58 years of age). India currently has 17 effective SSAs.

Source

IWU/7/(25)/2017/Payment of PF and Withdrawal Benefits - circular dated 23 March 2017

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