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Government notifies employees' enrolment campaign under the provident fund regulations

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Background

- The Ministry of Labour and Employment ('Ministry'), had, through a press release dated 19 December 2016, announced some of the important decisions taken by the Employees' Provident Fund ('EPF') Central Board of Trustees ('CBT'). One such decision was relating to the launch of Employees' Enrolment Campaign ('EEC') in 2017.
- The Ministry has now notified the EEC¹ which would be effective from January 1, 2017 to March 31, 2017.

Highlights of the Employees' Enrolment Campaign, 2017

- **Purpose of EEC:** to cover employees who were required to/ entitled for PF membership between April 1, 2009 to December 31, 2016 but for some reason, could not be enrolled.
- **Applicability:**
 - **For employees:** applicable only in respect of Indian employees who were required to/ entitled for PF membership between April 1, 2009 to December 31, 2016 but for some reason, could not be enrolled. Such employees should be alive and furnish Form 11 to their employer.
 - **For employers:** applicable to any employer (whether covered or not yet covered under the EPF Act ('the Act')) provided proceedings under Section 7A of the Act or under paragraph 26B of the Employees' Provident Funds Scheme, 1952 or under paragraph 8 of the Employees' Pension Scheme, 1995 have not been initiated against the establishment.
- **Salient features:**
 - Employers to furnish a declaration in the prescribed Form² in respect of eligible employees to the Regional Provident Fund Commissioner ('RPFC') and indicate employee wise 'date of eligibility' for PF membership therein.
 - The employer to pay its share of contributions along with the applicable interest; employees' contribution to be waived if the same has not been deducted from the wages of the employees.
 - Nominal damages/ penalty of INR 1 per annum payable in respect of the contributions made under the EEC.
 - Contributions, interest and damages to be paid within 15 days from the date of filing declaration.
 - Administrative charges not payable for contributions made under the EEC.
 - Post paying contributions, interest and damages in respect of employees declared under the EEC, the employer to file a return in a Form as may be specified before the RPFC.
 - If the employer fails to remit the contribution, interest and damages payable under the EEC or where a declaration has been filed by misrepresentation/ suppression of facts, it will be deemed to be void.

Clarifications on EEC

The EPFO has issued an FAQ³ on EEC dated 4 January 2017. Some of the key clarifications provided by the EPFO on EEC are given below. The full text of the FAQ can be found on the EPFO website using the link provided towards the end of this document.

- Declaration can only be filed under the EEC in respect of Indian nationals and not for International Workers.
- Declaration made under EEC shall be treated as bonafide unless proved otherwise and no inspection for verification of the data is being contemplated.
- No restrictions imposed either on the number of declarations that can be filed by an employer or on the number of employees that can be enrolled under a single declaration.
- No declaration can be made once inquiry under section 7A has been initiated though employers can still take recourse to EEC for the period / employees not covered by the inquiry.

Comments

The Government of India has been providing opportunities for corporates and individuals to bring their tax compliances upto date. There was a demand from stakeholders for a similar relief mechanism under the EPF Act to enable employers bring employees who were inadvertently left out under the EPF ambit. The EEC seeks to address this demand and would benefit employees who were required to/ entitled to become members of the PF but for some reason were not enrolled.

Employers can take advantage of this campaign, review their PF compliance status, identify potential lapses and take corrective measures. Given that the specific objective of this campaign is to enhance enrolment of members, this does not provide an opportunity to rectify the gaps in compliance if any, in terms of the quantum of remittances made.

Sources:

¹ http://www.epfindia.com/site_docs/PDFs/Circulars/Y2016-2017/Notification_GSR_1190E.pdf

² http://www.epfindia.com/site_docs/PDFs/Circulars/Y2016-2017/Coord_DeclarationForm_EEC_03012017.pdf

³ http://www.epfindia.com/site_docs/PDFs/Circulars/Y2016-2017/Coord_FAQ_EEC_04012017.pdf

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