



GES Alert

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Update on Recent
change in PF
withdrawal provisions

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Key Change

The Employees' Provident Fund (Scheme, 1952 ('EPF Scheme')) lays down the conditions for withdrawal of accumulations in Provident Fund ('PF') by a member under various circumstances.

The Government had made certain amendments to these provisions by way of a notification dated 10 February, 2016¹. These amendments were covered in our earlier alert dated 03 March 2016.

Due to practical difficulties faced in implementation of the notification relating to the amended withdrawal provisions, the Employees Provident Fund Organisation (EPFO) released a Circular² to provide that all claims received till 30 April 2016 will be settled as per the existing provisions. Accordingly, a member can also withdraw employer's contribution to PF and interest thereon (subject to satisfaction of other conditions) where the application for withdrawal is filed upto 30 April 2016.

Comments

With the effective date of the new restrictions being shifted to 1 May 2016, members who were eligible to withdraw the PF balances as per earlier norms now have an extended window to request for withdrawal. Any application for withdrawal made on or before 30 April would not be impacted by the restrictions relating to withdrawal of employer contributions and interest thereon.

Further, the EPFO has issued a Press Release on certain decisions taken at a meeting of the Central Board of Trustees on 29th March 2016. While this indicates that interest on "Inoperative" accounts would be credited from 1st April 2016, one would have to wait for the notification amending the provisions of the EPF Scheme to understand the implications in this regard.

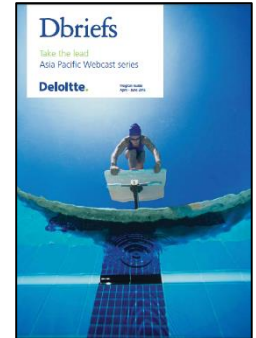
¹ Ministry of Labour and Employment Notification no. G.S.R.158(E)

² EPFO No. WSU/27(1)2016/Paragraph-68NNNN/166

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