



## Tax alert: EPFO extends timeline for UAN activation, seeding of Aadhaar with bank accounts UAN activation for employees

### 6 December 2024

The Employees Provident Fund Organisation (EPFO) had issued a circular on 22 November 2024 in relation to Universal Account Number (UAN) activation via Aadhaar based (One-Time Password) OTP so that the benefits under the Employment Linked Incentive (ELI) Scheme can be seamlessly passed. This exercise had to be completed by 30 November 2024. EPFO has now extended the timeline to 15 December 2024.

### In a nutshell

The Union Ministry of Labour and Employment (MoLE) has directed the EPFO to work in a campaign mode with employers to ensure activation of UAN of employees using Aadhaar based OTP so that benefits can be passed on to the beneficiary.

Aadhaar based documentation and identity verification is a simplified and transparent mechanism to ensure wide reach and also ensure biometric basis of authentication.

EPFO released a circular on 22 November 2024 and made an outreach to the employers.

As per the said circular, employers had to complete the process of UAN activation and seeding of Aadhaar with bank account for all their employees who have joined in the current financial year, by 30th November 2024, starting with latest joiners.

EPFO via circular dated 04 December 2024 has extended the timeline by 15 days from 30 November 2024 to 15 December 2024.



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**Background and highlight of the circular:**

- Employment Linked Incentive (ELI) Scheme, a recently launched initiative in the Union Budget 2024-25 aims at employment generation and consists of three schemes.
- The enrolment in the Employees' Provident Fund Organisation (EPFO) will be the tracking mechanism for entitlement to the beneficiaries.
- As a preparatory step, MoLE had issued a press release directing EPFO to urge the employers to ensure UAN activation using Aadhaar OTP method.
- Further to that, EPFO had issued a circular on 22 November 2024 whereby employers were urged to ensure completion of the process of UAN activation through Aadhaar-based OTP and Aadhaar seeding in bank account for all their employees who have joined in the current financial year, by 30th November 2024. Please refer our earlier alert dated 27 November 2024 for more details on the same.
- EPFO, has through its recent circular dated 04 December 2024 extended the timeline from 30 November 2024 to 15 December 2024 to ensure that the process is completed by employers for all their employees who have joined in the current financial year.

**Comments:**

In order to ensure that there is smooth transfer of benefit of ELI scheme, EPFO had urged employers to ensure that necessary steps are taken to complete the UAN activation and that Aadhaar seeding in bank account is carried out by 30 November 2024, for new employees who have joined in the current financial years.

Considering the very short window that was available to employers to complete the process, EPFO has now extended the timeline from 30 November 2024 to 15 December 2024.

This extension provides additional time to employers to complete the UAN activation and Aadhaar seeding process and should bring some relief to the employer. However, employers need to ensure that the new joiners in the current FY activate UAN using Aadhaar OTP method and complete the Aadhaar seeding with bank account within the extended timeline so that they don't lose out on the intended benefits.

**Source :** EPFO's notification No. ELI/UAN Activation/2024 issued on 04 December 2024



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