



Tax alert: EPFO relaxes requirement of seeding Aadhaar with UAN for processing withdrawal claims of International Workers

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The EPFO has issued a circular dated 29 November 2024, relaxing the requirement of Aadhaar-UAN seeding for withdrawals for foreign nationals (qualifying as International Workers - IWs). IWs were not required to obtain Aadhaar. Effective 2021, Aadhaar-seeding with UAN was made mandatory for facilitating withdrawals/ benefits, without any exceptions for IWs.

In a nutshell



Background:

With the introduction of UAN and digitalization, the EPFO has moved to online PF claims since May 2017.

Aadhaar, which was introduced in 2009, was initially not mandatory for foreign nationals employed in India, until September 2021 when the EPFO made Aadhaar-seeding with UAN mandatory for withdrawal benefits.

IWs who had left India prior to September 2021 have been unable to claim withdrawal benefits for want of Aadhaar.



Relief from EPFO:

EPFO's recent clarification provides a solution for PF withdrawal by IWs, by exempting them from the requirement to link their Aadhaar with UAN.

Apart from foreign nationals, Indian nationals who had migrated overseas permanently (without obtaining Aadhaar) and obtained citizenship, as well as Nepalese and Bhutanese citizens qualifying as employees but not residing in India, are entitled for the above-mentioned relaxation.



Claim settlement process:

In place of Aadhaar, these classes of members (i.e. IWs, Indian workers migrated abroad and subsequently obtained foreign citizenship and Nepalese and Bhutanese citizens) can now submit physical claims with alternate identification documents (citizenship certificates for workers from Nepal and Bhutan and passports for IW/ ex-citizens of India), along with other supporting documents to validate their eligibility for PF settlement.

Other requirements including verification of bank account details and confirmation of identity documents by employer (where PF balance exceeds INR 5 lakhs) would also need to be satisfied.



What this means for affected IWs:

This clarification paves the way for manual applications (paper format) by such classes of members including IWs along with the required supporting documents (attested / confirmed by employer where needed).

Not having Aadhaar would no longer be an impediment in the PF withdrawal process for the identified classes of members.



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Background

- Aadhaar was not mandatory for foreign nationals at time of Aadhaar's introduction, until September 2021, when the EPFO made Aadhaar mandatory for UAN activation and for PF withdrawal.
- This requirement had put thousands of such members - Indian workers migrated abroad and who subsequently obtained foreign citizenship, and Nepalese and Bhutanese citizens including the IWs - in a difficult situation as obtaining an Aadhaar requires an individual to be physically present in India at the time of application, along with the condition of a total stay of at least 182 days in India in the last 12 months and a valid proof of address in India.
- Those IWs who had left India prior to September 2021 were unable to obtain Aadhaar due to non-fulfilment of physical presence / stay in India criteria.
- However, on 29 November 2024, the EPFO issued a much-awaited clarification regarding the settlement of PF claims for certain classes of members, including international workers who left India without obtaining Aadhaar.
- Though the clarification, EPFO has sought to establish a simple and clear process for impacted IWs to apply for withdrawal benefit as well as for settling claims.

Highlights of the EPFO circular on settlement of physical claims without seeding of Aadhaar

- The below categories of workers are now exempted from the Aadhaar seeding requirement.
 - IWs who left India after completing their assignments without obtaining Aadhaar.
 - Indian workers who migrated abroad permanently without obtaining Aadhaar and later obtained foreign citizenship.
 - Citizens of Nepal and Bhutan employed in a PF covered establishment in India but residing outside India and not possessing Aadhaar.
- These workers, who were hitherto unable to complete the necessary formalities for withdrawing PF electronically, can now submit physical claims along with alternate identification documents, such as passports for IWs, or citizenship certificates for workers from Nepal and Bhutan.
- The requirement to link Aadhaar with the UAN has been waived in such cases due to their inability to acquire Aadhaar. But UAN must still be generated for these members if they don't already have UAN.
- As the mode of settlement would be NEFT, verification of bank details (in the absence of seeding of bank account details with UAN in the portal) would be required as part of the claim settlement process. Verification will also include confirmation of the identity by the employer if the members' PF balance exceeds INR 500,000.
- Non-Resident Indians (NRIs), whether minor or adult, can apply for Aadhaar from any Aadhaar enrolment centre and the requirement of being physically present in India for 182-days or more is not mandatory, making it easier for them to obtain Aadhaar.
- EPFO has instructed that the officials must document all verification details and secure approval from the Office In-Charge (OIC) through an e-office file before processing such claims.

Comments

Further to a relaxation for processing of PF withdrawals without obtaining/ seeding Aadhaar with UAN in “death cases” in May 2024, there was a long-standing demand by various stakeholders that the EPFO must also exempt the requirement to seed Aadhaar with UAN for other classes of members including that of IWs as well. The recent EPFO’s circular is a welcome step to facilitate such PF claim settlements. This clarification will particularly benefit IWs who left India prior to Aadhaar being made mandatory or even after completion of their assignments but without obtaining Aadhaar, allowing them to access their PF accumulations without any further delay.

Prescribing alternate documents such as passports and citizenship certificates, reflects EPFO's acknowledgment of the challenges faced by globally mobile workers and its commitment of being member-friendly in making changes to the processes as needed, offering a more inclusive solution for international workers and NRIs.

However, it may be noted that this clarification does not provide any relaxations to IW who are currently working in India. Thus, they must comply with the requirement for obtaining Aadhaar (once being eligible) and seeding it with their UAN.

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