

Date
14.8.2020

UNIT III Labour & Employment
classmate

TIME:

11.00 AM

- 12.00

EPFO (Employee provident fund
organisation, its provision 1952.

The Employees provident fund organization (EPFO) is a statutory body of the Govt of India under the ministry of Labour and employment. It administers a Compulsory Contributory provident fund scheme, pension scheme, and an insurance scheme.

The Employees' provident fund and Miscellaneous provisions act 1952 applies to the whole of India. EPFO was enforcement dated 4.3.1952. The EPF is a social welfare legislation intended to protect the interest of workers employed in factories and other establishment. It is implemented by the Employer provident fund organization (EPFO).

The EPF aims to provide a social security to industrial worker. The act mainly provides retirement or old age benefits such as provident fund, pension, Family pension and deposit linked insurance.

The acts provide for payment of benefits on the happening of various contingencies. Such as retirement, Closure, voluntary retirement and retirement due to factory which result incapacity of the employee to work.

Employees' provident fund and Miscellaneous provisions act 1952 is applicable to -
- Every establishment which is engaged in any one or more of the industries specified in Schedule I of the act.

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APPLICABILITY & REGISTRATION.

- Employing 20 or more persons employed compulsorily have to register under EPFS. Once a company is covered under the EPF act, even if its employee strength drops below 20, it will still be covered.

Three important components of EPF act:

1. Employee Provident Fund 1952 (EPF)

The scheme aims to promote retirement savings.

2. Employee Pension Scheme - 1995 (EPS)

This scheme aims to provide post-retirement pension.

3. Employee Deposit Linked Insurance Scheme, 1976 (EDLI) - This scheme gives life insurance to family members in case of sudden death.

Some Important Key points -

1. For every employee, it is mandatory to contribute towards EPF and EPS if his/her wages (basic + DA) are under Rs 15,000. If an employee is drawing wages over 15,000/- per month, then he can ask for PF deduction from his salary.
2. Both the employees and employers contribute 12% of the basic wages and dearness allowances to the provident fund (PF) account. The total contribution to the PF is 24% per month.

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3. In the EPF account, the entire 12% is contributed by the employee, while 3.67% is contributed by the employer. The employer's remaining contribution of 8.33% is diverted to the Employees pension scheme. It is important to note that if the employee salary exceeds Rs 15,000/- the employer's contribution towards EPF is restricted to 8.33% of Rs 15,000 per month.

4. Currently, Employee provident fund interest rate is 5.5% per annum (w.e.f Feb 2018). The interest is decided by the Govt with the consultation of Central board of Trustees of the EPFO.

5. The EPF also offers the nomination facility. An employee can nominate his mother, father, spouse or children who are entitled to receive EPS money in the event of the death of an employee.

However, an employee cannot nominate his brother and sister for EPF.

6. The employee has to pay an additional charge for administrative accounts at the rate of 0.50% with effect from 1st June 2018. The minimum administrative charge is Rs 500/- and if there is no contribution for a specific month, the employer has to pay a fee of Rs 75/- for that month.

EPF Withdrawals Rules :

1. EPF can be completely withdrawn under any of the following circumstances.
 - (a) when an individual retires from employment.
 - (b) when an individual remains unemployed for a period of 2 months or more.

Note :

1. Individual is unemployed for more than 2 months has to be certified by a gazetted officer.
2. Complete withdrawal of EPF while switching over from one job to another without remaining unemployed for 2 months or more (ie during the interim period between changing jobs) will be against the PF rules and regulations and therefore illegal.

partial withdrawal of EPF can be done under certain circumstances and subject to certain prescribed conditions which have been discussed in below:

up to 50% employees share of contributions to EPF.

Administration of the scheme given under this act is done by the Central board, state board, and regional committee, a chief executive committee appointed and constituted by the central govt.

- Central board - See SA
- Executive Committee - See SAA
- Regional Committee -

EPF FORM:

Form 20 EPF Settlements in case of employee death.

This form is submitted by the beneficiary of the employee is departed, to be the benefit of EPF, EPS, and EDLI. The amount is paid directly to the beneficiary account, or they will send through money order.

FORM 31 Withdrawal of EPF -

This form is submitted for partial withdrawal, used for purposes of house renovation, availing loans, for education, medical treatment, etc. eligible criteria will vary depending on the purpose of withdrawal.

FORM 10C EPS Withdrawal :-

This form is used to claim the withdrawal benefit.

- Before completing 10 years of Service.
- Has attained the age of 58 years but not completed 10 years of Service.

This form is used by the family member of employee in the following circumstances like-

- Employee departed (after attaining the age of 58 years but has not completed 10 years of service)
- An employee who is above 50 years old but less than 58 years who don't wish to opt for a reduced pension can also use Form 10C.

Form 5 Registration form for New employee for EPF and EPS.

Form 5 (IF) Employee Deposit linked Insurance (EDLI) scheme claim form.
Form 10 D to apply for a pension after retirement.

Form 11 Automatic transfer of EPF

Form 14 LIC Policy

Form 15 G to save tax deducted at source (TDS) for any interest that is generated from EPF.

Form 19 Settlement of EPF

UAN UNIVERSAL ACCOUNT NUMBER

Universal account number (UAN) is number given to an employee by the ministry of Employment & Labour under the govt of India who is maintaining PF account. It used to know information or track information done by his employer regarding his provident fund (PF). When an employee joined in the new organisation, he was assigned with new PF account, after UAN came into existence, the member of the assemble (employee) all his PF account associated with multiple IDs of different organization at one place. So though UAN, difficulties faced by the employee when he/she joins the new organization is overcome, with UAN they can track the activities if there are any payment issue.

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USES OF UAN:

- It is unique number given to an employee, which is independent of employers.
- UAN is used to link all the PF account when the employee is switching his company.
- An employer can authenticate his employee by verifying this number and KYC documents.
- EPF passbook can be verified by sending SMS EPFOHO UAN ENG TO 7738299899 from the mobile number which is registered under the EPFO.
- An employee can check his deposit done by the his employer through online using UAN number, and you can also get a deposit done by the employer.

EPF Calculation and Example -

Contribution of EPF is two parts, one is by the employee, and the other is by the employer.

Contribution by the employee is including basic wage and dearness allowance is 12%.

Contribution on the part of employer is

- 8.33% (for employees pension scheme account of Employee)

- 3.67% (for Employee provident Fund account of Employee)

- 0.50% (for employees deposit linked insurance account of employee)

0.50% (if employer has to pay an additional

charge for an admin account minimum 500 rupee and if there is no contribution by the empl
- must pay rupee 75/-

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- The interest rate for every month is 8.65% which may differ every year (Interest rate is calculated every month, but it is deposited in the account at the end of the financial yr.)

Example:

For example, the employee is getting a basic salary and dearness allowances at Rupees 15,000/-

Employee contribution to EPF is 12% of 15,000 that is 1,800/-

Employers contribution to EPF is 8.33% of 15,000/- that is 1,250

- Employers contribution for EPF is subtracted from employees contribution that is $1800 - 1250 = 550$.

- Total EPF contribution every month is $1800 + 550 = 2,350$

- Interest for every month is $8.65\% / 12 = 0.7083\%$ (4700)

ON LINE EPF SUBMISSION:

Online claim process reduces the time from 20 days to 10 days, follow the below given steps for EPF online submission.

1. Activate UAN
2. Make sure mobile no. used to activate the UAN, is in use.
3. By sending your aadhaar details, eKYC place, through a one time password - Aadhaar authority will send.