A SIMPLE WAY TO KNOW ABOUT PROVIDENT FUND

There are two types of Provident Fund

1. PPF - Public Provident Fund
2. EPF - Employee Provident Fund

In an organisation we are concerned with EPF

P.F (PROVIDENT FUND): -

1. PF is a statutory deduction. It is deducted on Basic + D.A + Cash value of Food Allowance @ 12%.
ïƒ˜ D.A is provided only in government departments. Private companies generally do not give Daily Allowance to its employees.

2. Company pays P.F on either actual or Capped Basic. Capped basic is decided on company rules and is not restricted. It is applicable to those employee’s whose basic exceeds Rs.6500/- only.

3. Employer and Employee Contribution are equal in P.F which is 12%.
This means 12% Contribution from Employee and 12% Contribution from Employer.
Company contribution is split into two parts.
8.33% on Family pension Fund and 3.67 % on Employee Provident Fund.

4. Every month Employer needs to pay additional charges over and above PF Company Contribution as per the below break up:

ïƒ˜ 1.1% P.F Administration Charges,
ïƒ˜ 0.5 % on Employee Deposit Linked Insurance (E.D.L.I)
ïƒ˜ 0.01% E.D.L.I Administration Charges.
ïƒ˜ In the case if the company has exemption in EDLI u/s 17(2a), company need not to pay employee deposit linked charges 0.5% and the admission charges are levied at 0.005% instead of 0.010%.

5. The company needs to file Monthly and Annual Returns.
Every month company has to submit duly paid P.F Challan.
Form 12A, Form-5 (additions) and Form 10 (deletions) and Nomination Form-2 (newly joined employee details).
In Annual Return we need file Form 3A and 6A along with the details of Annul PF Challan payments.

6. The employer needs to collect, certify and submit the Nomination and Declaration Form in Form-2 of every new joiner to the scheme along with the monthly report.

7. P.F. Monthly payment due date is 15th with a grace up to 21st. Monthly Returns due date is 25th of following month and Annual Return due date is 30th April.

ïƒ˜ As per P.F authorities, FY is from 1st March to 28th February.

8. Any employee who wishes to transfer his old company's PF balances he can transfer his PF Current A/C using Form-13 signed by current employer (new company employer) and old employer has to submit Form 3A to P.F office.

ïƒ˜ Employee P.F Number will be changing in every company.

9. Any employee who wants to en-cash his P.F amount, he can draw the total amount with using of Form 10 C & Form 19. Form 10 C is E.P.F & Form 19 is F.P.F

10. Recently P.F Authorities introduced e-filling system, in these systems we have to submit every month P.F details in soft copy and hard copy, here no need to submit Annual Returns. (Currently this is not in use).

11. There are 5 number of accounts in PF Challan as shown below:

A/C#01 - PF contributed by Employers & Employee (12% & 3.67)
A/C#02 – PF administration charges (1.1%)
A/C#10 – Pension Fund Account (8.33%)
A/C#21 – EDLI charges (0.5%)
A/C#22 – EDLI Administration charges (0.10%)

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