WITHDRAWAL OF NON-REFUNDABLE ADVANCE FROM PROVIDENT FUND ACCOUNT

Central Government announcement to help certain EPFO members fight the battle against Corona Virus

Background

While announcing Rs 1.70 Lakh Crore relief package under Pradhan Mantri Garib Kalyan Yojana for the poor to help them fight the battle against Corona Virus, FM also made an announcement for Organised sector that Employees' Provident Fund Regulations will be amended to include Pandemic as the reason to allow non-refundable advance of 75 percent of the amount or three months of the wages, whichever is lower, from their accounts.

It was decided to benefit families of four crore workers registered under EPF.

[Source:- Ministry of Finance Press Release dated 26th March, 2020]

Source of power to implement this announcement.

Under Section 5(1) read with section 7(1) of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 central government is empowered, by notification in the Official Gazette, to frame a Scheme to be called the Employees‟ Provident Fund Scheme or amend existing scheme for the establishment of provident funds for employees or for any class of employees and specify the establishments or class of establishments to which the said Scheme shall apply.

Announcement of Scheme

To give effect to announcement made by Finance Minister on 26th March 2020, Ministry of Labour and Employment amended the Employees’ Provident Funds Scheme, 1952 by notifying the Employees’ Provident Funds (Amendment) Scheme, 2020 vide notification dated 27th March, 2020 published in official gazette vide G.S.R. 225(E) on 28th March 2020 effective from 28th March, 2020.

[Source: http://egazette.nic.in/WriteReadData/2020/218950.pdf]

Announcement of Scheme

A new subparagraph (3) added in paragraph 68L in the Employees' Provident Funds Scheme, 1952, The Commissioner or, where so authorised by the Commissioner, any officer subordinate to him, may, on an application from any member of this Scheme employed in any establishment or factory located in an area declared as affected by outbreak of any epidemic or pandemic by the appropriate Government, permit a non-refundable advance from the provident fund account of such member **not exceeding**,

lower of-

- Basic wages and dearness allowances of that member for 3 months or
- up to 75% of the amount standing to his credit in the Fund.

[Source: http://egazette.nic.in/WriteReadData/2020/218950.pdf]

EPFO issued FAQs on the scheme on 4th April

- <u>Who is eligible</u>

Any member of EPF Scheme with UAN (Universal account number) and working in establishments and factories across entire India

- No certificate or documents are to be submitted by member or his/her employer for availing the benefit.
- <u>How much money allowed to be withdrawn-1</u>

Non-refundable withdrawal to the extent of the basic wages and dearness allowances for 3 months or up to 75% of the amount standing to credit in the EPF account, whichever is less. The amount standing to credit in EPF includes employee's share, employer's share and interest thereupon. Since withdrawal is non-refundable, there is no requirement to refund the amount.

[Source: https://www.epfindia.gov.in/site_docs/PDFs/Updates/covid_faq_claim_04042020.pdf]

EPFO issued FAQs on the scheme on 4th April

❖ <u>How much money allowed to be withdrawn-2</u>

Example

An employee's balance in PF Account is Rs. 1,00,000 and she is drawing salary of Rs. 30,000 per month.

a) 3 months' salary would be Rs. 90,000/- (Rs. 30,000 pm * 3 months)
b) 75% of balance in PF Account is Rs. 75,000/- (75% of Rs. 1,00,000)

Maximum non refundable advance of Rs. 75,000/- is allowed [(lower of (a) and (b)]

EPFO issued FAQs on the scheme on 4th April

- **How to claim this amount**

Claim for this advance also can be filed Online if your UAN is validated with Aadhaar and KYC of Bank account and Mobile number is seeded in UAN.

EPFO issued FAQs on the scheme on 4th April

❖ **Procedure**

On the home page of website- www.epfindia.gov.in, under the TAB “COVID-19” on top right hand corner, instructions for filing online advance claim is hosted.

<u>The process is below:</u>

a. Login to Member Interface of Unified Portal (https://unifiedportalmem.epfindia.gov.in/memberinterface)

b. Go to Online Services>>Claim (Form-31,19,10C & 10D)

c. Enter last 4 digits of your Bank Account and verify

d. Click on “Proceed for Online Claim”

e. Select PF Advance (Form 31) from the drop down

f. Select purpose as “Outbreak of pandemic (COVID-19)” from the drop down

g. Enter amount required and Upload scanned copy of cheque and enter your address

h. Click on “Get Aadhaar OTP”

i. Enter the OTP received on Aadhaar linked mobile.

j. Claim is submitted

EPFO issued FAQs on the scheme on 4th April

- **Procedure**

Claim can be filed through mobile phone,
either

i) login to (https://unifiedportal-mem.epfindia.gov.in/memberinterface) and follow steps as in last slide

or

ii) Through UMANG (Unified Mobile Application for New-age Governance) Mobile APP Home> EPFO> Employee Centric Services> Raise Claim> Login with your UAN and OTP received on your mobile number registered with UAN to file claim.

EPFO issued FAQs on the scheme on 4th April

- This advance can be availed irrespective of advances availed earlier.
- Income Tax is not applicable on any advance availed under EPF Scheme
- If you already applied for any advance and now want this advance instaed of applied advance than send request on email of your jurisdictional Regional Office for rejection of earlier form 31 submitted.
- Claims for advance to fight COVID-19 pandemic are being processed on priority considering exigency of the situation.

EPFO issued FAQs on the scheme on 4th April

- **What if KYC is not complete for EPF account and hence unable to file this claim.**

The claim for this advance can be filed Online if your UAN is validated with Aadhaar and KYC of Bank account and Mobile number is seeded in UAN. You are requested to complete your KYC by submitting same on Member Portal. If your basic details that is name, date of birth and gender against UAN are same as that in Aadhar, you can link your Aadhar through eKYC Portal. In case of mis-match in KYC details and details in EPF account, please submit online request for demographic detail correction through your employer. The bank account details has to be digitally approved by the employer. For submitting your claim online your aadhar linked mobile will get OTP. So your aadhar should be linked with a mobile.

EPFO issued FAQs on the scheme on 4th April

- It is not necessary to apply for 75% of PF balance under this provision, one can apply for lesser amount also.
- Advance to fight COVID-19 pandemic are being settled on priority to mitigate hardship faced by members.
- You can avail this advance while still in service.

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