

# Employees Provident Fund – FAQs

## **Q1) What is the Contribution for Provident Fund both by the Employer & Employee?**

Ans : The Employee contributes 12% of his /her Basic Salary & the same amount is contributed by the Employer.

## **Q2) Is it Compulsory for the all the employees to contribute to the Provident Fund?**

Ans : Employees drawing basic salary upto Rs 6500/- ([Rs. 15000/- from 01.09.2014](#)) have to compulsory contribute to the Provident fund and employees drawing above Rs 6501/- (Rs. 15001/- from 01.09.2014)) have an option to become member of the Provident Fund .

## **Q3) Is it beneficial for employees who draw salary above Rs 15001/- to become member of Provident Fund?**

Ans Yes because provident fund contribution by the employer & employee is not a taxable income for Income Tax purpose.

## **Q4) What if an employee while joining establishment has a basic salary of Rs 11200 and after some period of time his basic salary increases above Rs. 15001/-, does he have an option to terminate his member ship form the Provident fund act?**

Ans : Employee who while joining the organisation has a basic salary above Rs 15001/- have an option to either become or avoid becoming member of Provident fund but employees whose basic salary while joining the organisation is less then Rs 15001/- but after some period of time their basic increases above Rs 15001/- have to compulsorily continue to be member of provident Fund.

## **Q5) What is the contribution percentage to the Provident fund and Pension Scheme?**

Ans : Employers contribution of 12% of basic salary is totally deposited in provident fund account Whereas out of Employees contribution of 12% , 3.67% is contributed to Provident fund and 8.33% is deposited in Pension scheme.

## **Q6) Which form has to be filled while becoming member of provident fund?**

Ans : Nomination Form No 2 has to be filled to become a member of the Provident fund, form is available with HR department.

## **Q7) Which form has to be filled while transferring provident fund deposit ?**

Ans : You just have to fill form no 13 to transfer your P.F amount.

## **Q8) What is the provision of the scheme in the matter of nomination by a member ?**

Ans : Each member has to make a nomination to receive the amount standing to his credit in the fund in the event of his death. If he has a family, he has to nominate one or more person belonging to his family and none other. If he has no family he can nominate any person or persons of his choice but if he subsequently acquires family, such nomination becomes invalid and he will have to make a fresh nomination of one or more persons belonging to his family. You cannot make your brother your nominee as per the Acts.

**Q9 ) When is an employee eligible to enjoy pension scheme ?**

Ans : For an employee to become eligible for Pension fund, he has to complete membership of the Fund for 10 Years.

**Q10 ) What does it mean by continuous service of ten years ?**

Ans : When we say continuous service of 10 years in Employee Pension Fund, we mean to say that during services, for e.g., an employee who has worked with X company for say 3 years, then he resigned from that organisation and joined Y company, wherein he worked for 2 years, then resigned from there to join establishment for 5 years but during these 10 years of service he has not withdrawn but transferred his Employee pension fund, then we say continuous service of ten years.

**Q11 ) When can an employee avail the benefit of Employee pension fund scheme which he has contributed during his ten years of continues service /**

Ans : An employee can avail the benefit after completion of 58 years of service.

**Q12 ) What happens to the provident fund & Employee Pension fund if an employee who wants to resign from the service before completion of ten years of continues service?**

Ans : Employee can withdraw the PF accumulations by filling Forms 19 & 10 C which is available with the HR department.

**Q13 ) What is this 19 & 10C form ?**

Ans : Form No 19 is for Provident fund withdrawal & Form No. 10 C is for Pension scheme withdrawal.

**Q14 ) Do we get any interest on the amount which is deposited in the Provident Fund account?**

Ans : Compound interest as declared by the Govt. is given for every year of service.

**Q15 ) What is the accounting year for Provident fund account?**

Ans : Accounting year is from March to February.

**Q16 ) What are the benefits provided under Employee Provident Fund Scheme?**

Ans : Two kinds of benefits are provided under the scheme-

- a) Withdrawal benefit
- b) Benefit of non -Refundable advances

**Q18 ) What is the purpose of the Employee's Pension Scheme ?**

Ans : The purpose of the scheme is to provide for

- 1) Superannuation pension.
- 2) Retiring Pension.
- 3) Permanent Total disablement Pension

Superannuation Pension: Member who has rendered eligible service of 20 years and retires on attaining the age of 58 years.

Retirement Pension: member who has rendered eligible service of 20 years and retires or otherwise ceases to be in employment before attaining the age of 58 years.

Short service Pension: Member has to render eligible service of 10 years and more but less than 20 years.

**Q19 ) How much time does it take to receive P.F & pension money if an employee resigns from the Service?**

Ans : Normally the procedure for receiving P.F & Pension money is , the employee has to fill 19 & 10 c Form and submit the same to PF Desk , which is then submitted to the P.F office after two months, this two months is nothing but a waiting period as the rules are that an employee should not be in employment for two months after resigning if he has to withdraw his P.F amount. After completion of two months the form is submitted to the regional provident fund Commissioner office after which the employee receives his amount along with interest within a period of 90 days.

**Q20 ) Do we receive money through postal order ?**

Ans Previously there was a procedure wherein member use to get P.F through Postal order but now While submitting the P.F form withdrawal form you have to mention your saving Bank account No. & the complete address of the Bank where you hold the account.

**Q21 ) How would I know the amount of accumulations in my PF account ?**

Ans : PF office sends an annual statement through the employer which gives details about the PF accumulations. The statement contains details like, Opening balance, amount contributed during the year, withdrawal during the year, interest earned and the closing balance in the PF account. This statement is sent by the PF department on completion of the financial year.

**Q22 ) Which establishments are covered by the Act ?**

Ans : Any establishment which employs 20 or more employees. Except apprentice and casual laborers, every Employee including contract labour who is in receipt of basic salary up to Rs. 6500 p.m. (Rs. 15000/- from 01.09.2014) is covered by the Act.

**Q23 ) In case after registering the establishment at any point in time, the number of employees working in it becomes less than 20 then will the Act apply ?**

Ans : Any establishment which has been covered under the Act once shall continue to be governed by the Act even if the number of persons employed therein at any time falls below 20.

**Q24 ) Is the Act applicable to a factory which is closed down but is employing a few employees to look after the assets of the establishment ?**

Ans : No, Where the establishment is closed down and only four security men are employed for keeping a watch over the assets and properties of the establishments, the Act would not be applicable.

**Q25 ) Is a trainee an employee under the Act ?**

Ans : Yes, a trainee would be considered as an employee as per the Act but in case the trainee is an apprentice under the Apprentice's Act then he/ she will not be considered as an employee under this Act.

**Q26) Is it possible to appeal the orders of the Central Government or the Central Provident Fund Commissioner?**

Ans : Yes, there is a body called as Provident Fund Appellate Tribunal where an employer can appeal.

**Q27 ) Who is the authority to decide regarding the disputes if any ?**

Ans : In case there is a dispute regarding the applicability of the Act or the quantum of money to be deducted etc. the authority to decide are the

- i) Central Provident Fund Commissioner,
- ii) any Additional Provident Fund Commissioner,
- iii) any Additional Central Provident Fund Commissioner

iv) any Deputy Provident Fund Commissioner

v) any Regional Provident Fund Commissioner or

vi) any Assistant Provident Fund Commissioner

**Q28 ) What in case there are workers involved as Contract labour ?**

Ans : It is the responsibility of the Contractor to deduct the PF and submit a statement to the Principal Employer in the prescribed format by 7th of every month. The Company becomes the Principal Employer would be responsible for the PF deduction of the workers employed on contract basis.

**Q29 ) Are the persons employed by or through a contractor covered under the Scheme ?**

Ans : Persons employed by or through a contractor are included in the definition of “ employee ” under the Employee’s Provident Funds Act, 1952, and as such, they are covered under the Scheme.

**Q30 ) In case the Contractor fails to deduct and submit the PF amount from the contract workers then what is to be done ?**

Ans : The Company being the Principal employer is responsible for the PF to be deducted from the Contract workers as well. In case the Contractors fails to deduct and submit the PF dues then the Company has to pay the amount and can later on recover the amount from the Contractor.

**Q31 ) Could the employer be punished in case the remittance of contribution by him is delayed in a Bank or post office ?**

Ans : Employer cannot be punished or penalized in case there is a delay in the remittance of the contribution on account of delay in Bank or post office.

**Q32 ) What happens in case there is a salary revision and a raise in the basic salary of the employee and arrears need to be paid, Do we need to deduct PF from the arrears as well ?**

Ans : Arrears are considered to be emoluments earned by the employee and PF is to be deducted from such arrears.

**Q33 ) Is it possible for an employee to contribute at a higher rate of interest than 12 % ?**

Ans : Yes, if an employee desires to contribute an amount at a higher rate of interest than 12 % of basic salary then they can do so but it does not become obligatory for the employer to pay anything above than 12 %. This is called voluntary contribution and a Joint Declaration Form needs to be filled up where the employer and the employee both have to give a declaration as to the rate at which PF would be deducted.

**Q34 ) What is the interest on the PF accumulations ?**

Ans : Compound interest as declared by Central Govt. is paid on the amount standing to the credit of an employee as on 1st April every year.