

Increase in EPF Ceiling from Rs.6,500/- to Rs.15,000/-

Given below are the Key highlights and impact analysis of the amendment:

The increase in the Employee's Provident Funds ceiling limit has been confirmed through Gazette Extraordinary Notification dated 28th August 2014 which is effective from 1st September 2014. This amendment will have marginal cost escalation on Employers to the extent as mentioned in point 6 w.r.t., Permanent Employees as well as for contingent employees whose basic salary is more than ₹.6500/-. It may be noted that the last amendment w.r.t., ceiling was on 1st June 2001.

1. Salary ceiling limit for EPF coverage has been increased from ₹.6,500/- to ₹.15,000/- p.m.
2. Salary means only Basic + DA + VDA + Retaining Allowance + Cash value of any food concession + any other allowance paid in cash & not defined.
3. Salary ceiling limit for Employee's Pension will be ₹.15,000/- p.m. Hitherto it was ₹.6,500/-.
4. This means 8.33% of on ₹.15,000/- basic i.e. ₹.1,250/- p.m will be diverted to pension fund. Hitherto it was ₹.541/- only on ₹.6,500/- @ 8.33%.
5. Those who want to contribute above ₹.15,000/- for pension fund – will have to shell out 1.16% additional contribution on the amount in excess of ₹.15,000/- from employees share & give declaration (both employer & employee) to that effect within 6 months from the date of this notification failing which any additional contribution made above ₹.15,000/- to pension fund would be diverted to EPF fund & will be given the interest as declared from time to time.
6. Employer in addition to 12% of Basic, now will have to contribute 0.50% of ₹.15,000/- to EDLI A/C, 1.10% on ₹.15,000/- as administration expenses on EPF A/C & 0.01% of ₹.15,000/- as administration expenses for EDLI A/C.
7. Minimum Employee's Pension w.e.f. 1st September 2014 will be ₹.1,000/- p.m.
8. Minimum Widow Pension w.e.f. from 1st September 2014 will be ₹.1,000/- p.m.
9. For dependent children with widow, the Children Pension will be ₹.250/- p.m.
10. If the deceased employee is not survived by widow but by the dependent children ₹.750/- p.m will be the children pension.

Eligibility for pension: 10 years of service under pension scheme and on attaining the age of 58 years – both condition have to be fulfilled.

If the service is below 10 years of service & has not attained the age of 58 years, can withdraw the pension amount or obtain certificate to that effect & resume the count of service in future, if the employee joins for the employment service covered under EPF&MP Act, 1952.

Pensionable salary up to 31st August 2014 will be ₹.6,500/- thereafter it will be ₹.15,000/- till further amendment.

If the Employee's Pension contribution is restricted to ₹.15,000/- then the maximum pension at the age of 58 years shall not be more than ₹.15,000/- p.m as on date. Hitherto it was ₹.6,500/- p.m.

Pension calculation: (Pensionable salary X Pensionable Service)/70

20% increase in the EDLI claim benefits amount. At present the maximum benefit payable under EDLI is ₹.130,000/- & the increase of 20% would result in ₹.146,000/- as maximum benefit.

There will be no contribution to pension fund for an International Worker assigned to India w.e.f. 1st September 2014 if their salary is above ₹.15000/- p.m. This means entire contribution both employer & employees will be apportioned to EPF A/c.

Any International worker who is an existing member of the Pension Scheme as on 1st September 2014, 8.33% of the employers share would continue to be contributed to Pension Account.

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