



Frequently Asked Questions (FAQs):
Provident Fund with RPF

1.1 What is Employees' Provident Fund & Miscellaneous Provisions Act, 1952?

It is social security legislation for the future benefit of employees and their dependants; in case of unfortunate incidents occurring in the future.

1.2 What are the various schemes under the Act?

The Act provides for three different schemes:

Employees' Provident Fund Scheme – a savings scheme where the employee gets the entire accumulated balances at the time of his retirement (or earlier – for some specific events).

Employees' Pension Fund Scheme – is a monthly pension payable to employees on their superannuation or death or permanent disability

Employees' Deposit Linked Insurance Scheme – provides assurance benefit upon death of employee while in service.

1.3 How are the contributions made? And by whom ?

The entire contribution (currently 12% of basic) of the employee goes to the Provident Fund Scheme.

The contribution of the Employer is split as under:

For Employees' whose basic is less than or equal to Rs. 6,500 per month:

- 8.33% of the employee's basic to the Employees' Pension Fund Scheme
- 3.67% of the employee's basic to Employees' Provident Fund Scheme
- 0.5% of the employee's basic to EDLI

For Employees' whose basic is more than Rs. 6,500 per month:

- 12% of the employees' basic to the Employees' Provident Fund Scheme less Rs. 541 per month
- Rs. 541 to Employees' Pension Fund Scheme (being 8.33% of employee's basic subject to a maximum of Rs. 6,500)
- 0.5% of the employee's basic (subject to a maximum of Rs. 6,500 p.m.) to EDLI

1.4 What is the interest allowed on PF contributions?

The current rate of interest allowed on PF contributions is 9.5% p.a.

1.5 Is the interest on PF taxable?

No, interest earned by an employee on his Provident Fund balance is not taxable.



1.6 What is a PF number? How is it allotted?

The RPFC (Regional Provident Fund Commissioner) allots the PF number to an organisation that enrolls with it. For Delhi based companies this number could be DL/92803. In addition to this, the employer allots a separate number to each individual employee. The employee's PF Account number would then be DL/92803/123 (Example).

1.7 Can I know the PF balance standing to my credit?

A statement is issued every year by the RPFC showing the contributions and interest credited along with other details like transfers received, loans availed etc. This is normally issued after 5 – 7 months after the close of the financial year.

The amount shown in a PF Accumulation Statement is the Provident Fund contribution amount received by the RPFC for that financial year (April to March). For employees, this would be the aggregate of contributions made by them for the months of March of that financial year to February of the next year, since the PF contribution of any month is deposited with the RPFC in the next month.

The various columns in the slip are:

Opening Balance – Employers

Opening Balance – Employees

Interest during the year – Employers

Interest during the year – Employees

Contributions during the year – Employers

Contributions during the year – Employees **

Refund / Withdrawal / AECD – this is the loan etc. granted to the member.

Refund / Withdrawal during the year

Closing Balance - Employers

Closing Balance - Employees

**** Will not be equal to Employers contribution owing to the amount paid for Pension Scheme.**

1.8 What happens to my PF contribution if I leave my present employer?

In case you leave your present employer, you can either transfer your accumulated balance from the RPFC of the present employer to the trust / RPFC of the new employer or you can withdraw the funds. The request for transfer of funds from RPFC / Trust of the earlier employer to the present one can be made as soon as the employee joins the new company. However, the application for withdrawal can be made only after 2 months of leaving. In case the employee is proceeding on International posting / assignment / job, they can apply for withdrawal as they leave / resign from the company.



1.9 Can I transfer my PF accumulations from another Trust / RPFC to present Employer's RPFC? Why should I do it?

You can transfer your PF accumulations from another Trust / RPFC to the RPFC where we have our PF account by submitting Form 13. Some employees would have submitted the Form 13 at the time of their joining the Company. The same have been forwarded to RPFC on an ongoing basis and a status on the transfer will be sent to all relevant employees shortly. In case you are not planning to take up another job, you can also withdraw the accumulated balance in your account. Such withdrawals are however, subject to certain tax deductions.

1.10 Can I make voluntary contribution to the PF? What is the benefit of it?

As an employee, you can contribute voluntarily over and above the stipulated rate of contribution. However, the contribution to VPF will have to be a fixed % of wages and not a fixed amount. Once an employee decides to contribute a certain percentage to his PF account, he must continue to do so till end of the financial year. The Employer does not have to make a matching contribution.

Voluntary contributions are also available for tax rebates. Interest on voluntary contributions is also exempt from income tax.

1.11 Can I change my voluntary contribution percentage at any time?

You can change your voluntary contribution only at the start of the financial year. Once the change is opted for, it must run throughout the year and cannot be changed till the end of the financial year.

1.12 Can I withdraw only my voluntary contribution?

Voluntary contributions alone cannot be withdrawn.

1.13 Can I withdraw some of the balance lying in my PF account?

Under the Provident Fund Scheme, you can avail of Refundable and Non-refundable Loans for specific purposes by making an application in this regard.

1.14 Can I get a loan against my PF accumulated balance?

Depending upon the purpose of the loan, you can get two types of Loans against your PF accumulated balance – Non-refundable Loans and Refundable Loans.

Refundable loans have to be repaid via monthly instalments. Non-refundable Loans are like withdrawals. These loans are not to be paid back. Further details of these can be made available to you.

1.17 How much time does it take after resignation to settle my PF account?

RPFC normally takes about 60 – 90 days to settle the accounts. Filing for withdrawals / settlement can be done only after a waiting period of two months from the date of resignation but in cases of members leaving abroad, settlements can be done immediately and settlements are immediate in case of female members who resign from the services for the purpose of getting married. Transfers from one RPFC office to another can be speeded up if attested Form 3A from previous employer is submitted at the time of applying for transfer.



1.18 What happens in case of death of an employee?

In case the employee has filed a nomination form, settlement is made according to the last filed nomination form on record.

In case no nomination has been filed, the accumulated balance is divided equally among the following family members in equal shares

1. Sons who have not attained majority.
2. Sons of a deceased son who have not attained majority.
3. Married daughters, whose husbands are not alive.
4. Married daughters of a deceased son, whose husbands are not alive.

1.19 If I withdraw my PF accumulations, is there any tax deduction at the time of settlement?

There is no tax deduction if the member has put in five years of continuous service with the employer (includes period of past membership with previous employer/s if there is a transfer received). Otherwise, the member is liable for deduction of tax on the share contributed by the employer to the employees PF accumulations.

Normally, RPFC will make the full payment to the employee and it is the onus of the employee to pay the tax on the employer's share to the PF contribution.

1.20 How is the duration of membership of the PF (RPFC/ Trust) calculated?

If an employee transfers one's PF amount from another approved Provident Fund Trust or RPFC then the service rendered with such an ex-employer is treated as continued membership. In case there is a break in service, the break is ignored, unless the employee had withdrawn the funds earlier.

1.21 How does one complete the nomination formalities?

A member does so by applying to the Trustees / RPFC, thereby making a nomination conferring on one or more persons (stating specifically the individual share of each nominee) the right to receive the amount of PF accumulations in the event of his death. All employees are required to complete this form at the time of joining.

1.22 How often can I change my nomination?

You can change your nomination as often as you want. Each nomination overrides the previous one.

1.23 Can I nominate more than one person as my nominees under PF?

You can nominate more than one employee, but the share of each nominee must be clearly mentioned.



1.24 Can the employee contributions towards Employees' Pension Scheme, 1995 be withdrawn?

An employee can withdraw the contributions made towards Employees' Pension Scheme, 1995, on leaving service before becoming eligible for members pension, by submitting Form 10-C, only if he has NOT completed 10 years of service.