

# FAQs on EPFO

## **1. What is EPFO?**

EPFO stands for Employees' Provident Fund Organization. It is a statutory body under the Ministry of Labour and Employment, Government of India, responsible for managing the provident fund and pension schemes for employees.

## **2. Who is eligible for EPFO registration?**

The eligibility for EPFO registration in India is based on the number of employees and their salary:

- Employers with 20 or more employees must register.
- For employees, EPF is mandatory if their Basic Salary + DA is up to Rs. 15,000 per month.
- Employers with fewer than 20 employees can voluntarily register.

## **3. Is it compulsory to contribute to the EPF?**

Yes, it is mandatory for employees with a Basic Salary + DA up to Rs. 15,000/- to contribute to the Employees' Provident Fund (EPF). For those individuals whose basic salary exceeds Rs. 15,000/-, contributing to EPF is optional.

## **4. What are the tax benefits of contributing to EPF?**

EPF contributions are eligible for tax deductions under Section 80C of the Income Tax Act, which can help reduce your taxable income.

## **5. How is the EPF contribution calculated?**

Both the employer and employee contribute 12% of the employee's basic salary and dearness allowance (DA) towards the EPF account.

## **6. Can an employee opt-out of the EPF scheme?**

No, it is not possible for an eligible employee to opt-out of the EPF scheme if their basic salary + DA is up to Rs. 15,000.

## **7. If an employee is paid wages on daily basis or on piece rate basis how the contribution is determined?**

The wages paid in a calendar month will be taken to determine the contribution due.

## **8. What is the Employee Pension Scheme (EPS)?**

EPS is a pension scheme that is part of the EPF. It provides a pension to employees after retirement or in case of disability.

## **9. Is it possible to withdraw money from the EPF account before retirement?**

Yes, one can withdraw money from their EPF account for various reasons like buying a house, medical emergencies, education, or marriage. However, there are specific conditions and rules for these withdrawals.

**10. What is the EPF interest rate for the current year?**

The interest rate on EPF is reviewed on a yearly basis. The EPF interest rate for the fiscal year 2023-24 is 8.15%.

**11. Is EPF interest taxable?**

No, the interest earned on EPF is tax-free.

**12. Can an employee nominate someone for their EPF account?**

Yes, an employee can nominate a family member in their EPF account. This nominated person will receive the EPF savings in case of the employee's demise.

**13. What is the difference between EPF and PPF (Public Provident Fund)?**

EPF is for salaried employees, while PPF is a voluntary savings scheme for both salaried and self-employed individuals.

**14. Is there any penalty for not contributing to EPF?**

Yes, if an employer fails to deposit the EPF contribution on time, they may be liable to pay penalties and interest.

**15. Can an employee withdraw his/her EPF balance after leaving a job?**

Yes, one can withdraw the EPF balance if he/she is unemployed for more than two months. However, it is advisable to transfer it to the new employer's EPF account if they get a new job.

**16. What happens to the EPF account after retirement?**

After retirement, one can either withdraw the entire EPF balance or choose to receive a monthly pension through the EPS.

**17. Can a loan be taken against an EPF account?**

Yes, one can take a loan against their EPF account for specific purposes like buying or renovating a house, but there are certain conditions and limits.

**DISCLAIMER:** - This is for basic information & knowledge. Please check the latest government notifications for further information.

**For more details & services related to HR, please contact:**

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