



Employees' Provident Fund Organisation has issued guidelines for monitoring the Provident Fund Trusts of exempted establishments

Background

In 1952, the Government of India introduced a mandatory savings scheme, for non-government employees, known as the Employees' Provident Funds Scheme, 1952 (EPFS). In this scheme, both the employee and the employer are required to make a contribution to the Employees' Provident Fund (EPF).

The government also permitted employers to establish and manage their own in-house PF trusts, subject to the conditions prescribed under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (EPF Act) and the Income Tax Act, 1961 (IT Act). Such establishments are known as exempted establishments under the EPF Act.

In the above context, the Employees' Provident Fund Organisation (EPFO) has issued two circulars¹ with regard to monitoring of the management of the trusts of the exempted establishments.

Key highlights of the circulars

- All the exempted establishments/ employers are required to file the statutory online returns in time i.e. by 25th of the month following that to which it relates.
- It has been noticed that some of the Provident Fund (PF) exempted establishments are still not filing the statutory online returns.

The Regional Provident Fund Commissioner (RPFC)/ Officer in- charges of field offices have been directed to initiate action against such defaulting establishments including process for cancellation of exemption as per the EPF Act.

- The circular has also laid down the procedure for online performance evaluation of the exempted establishments on the basis of following six parameters:
 - a) Transfer of fund before due date
 - b) Investment
 - c) Remittance to the trust
 - d) Interest declared
 - e) Claims settlement
 - f) Audit of accounts
- On the basis of the above parameters, a ranking of PF exempted establishments will be prepared for the preceding month and it shall be published on the EPFO website on the first day of the succeeding month.
- Further, the field officers have been directed to also monitor other performance parameters of the exempted establishments during compliance audit or otherwise and issue show cause notice to all the defaulting establishments which have not filed the online return on or before 5 October 2017.

¹ EPFO Circular - http://www.epfindia.com/site_docs/PDFs/Circulars/Y2017-2018/Exem_OnlineReturn_ExEstt_10735.pdf

EPFO Circular - http://www.epfindia.com/site_docs/PDFs/Circulars/Y2017-2018/Exem_RTMS_ExemEstt_13587.pdf

Accessed on 17 October 2017

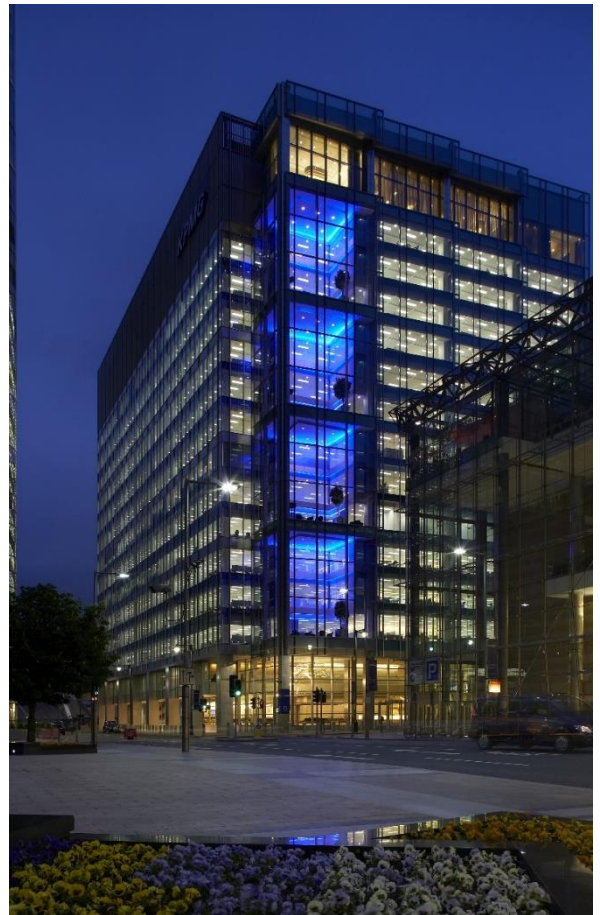
- The EPFO has directed that every trust of exempted establishments will communicate to their members through SMS on mobile phones, emails or mobile e-passbook about the receipt of contribution in the account of the member every month, within two days of receipt of remittance from the exempted establishment.
- Some trusts are not able to declare the rate of interest at par with EPFO. As per the EPF Scheme, any deficiency in the interest declared by the Board of Trustees is to be made good by the employer to bring it up to the statutory limit.

Our comments

The online performance check of exempted establishments by EPFO is a welcome step as the exempted establishments can assess their performance on a monthly basis and regulate their compliance accordingly.

Establishments running in-house PF trusts should be more vigilant on their returns filing, investments and other governance issues as the PF office is now monitoring the functioning of private PF trusts vigorously.

It is imperative for establishments who are running private PF trusts to make proper compliances on a monthly basis to enjoy continued exemption.



Ahmedabad

Commerce House V, 9th Floor,
902 & 903, Near Vodafone House,
Corporate Road,
Pralhad Nagar,
Ahmedabad – 380 051
Tel: +91 79 4040 2200
Fax: +91 79 4040 2244

Bengaluru

Maruthi Info-Tech Centre
11-12/1, Inner Ring Road
Koramangala,
Bengaluru – 560 071
Tel: +91 80 3980 6000
Fax: +91 80 3980 6999

Chandigarh

SCO 22-23 (1st Floor)
Sector 8C, Madhya Marg
Chandigarh – 160 009
Tel: +91 172 393 5777/781
Fax: +91 172 393 5780

Chennai

KRM Tower, Ground Floor,
No 1, Harrington Road
Chetpet, Chennai – 600 031
Tel: +91 44 3914 5000
Fax: +91 44 3914 5999

Gurugram

Building No.10, 8th Floor
DLF Cyber City, Phase II
Gurugram, Haryana – 122 002
Tel: +91 124 307 4000
Fax: +91 124 254 9101

Hyderabad

Salarpuria Knowledge City,
ORWELL, 6th Floor, Unit 3, Phase
III, Sy No. 83/1, Plot No 2,
Serilingampally Mandal, Raidurg
Ranga Reddy District,
Hyderabad, Telangana – 500081
Tel: +91 40 6111 6000
Fax: +91 40 6111 6799

Kochi

Syama Business Center
3rd Floor, NH By Pass Road,
Vytilla, Kochi – 682019
Tel: +91 484 302 7000
Fax: +91 484 302 7001

Kolkata

Unit No. 603 – 604,
6th Floor, Tower – 1,
Godrej Waterside,
Sector – V, Salt Lake,
Kolkata – 700 091
Tel: +91 33 4403 4000
Fax: +91 33 4403 4199

Mumbai

Lodha Excelus, Apollo Mills
N. M. Joshi Marg
Mahalaxmi, Mumbai – 400 011
Tel: +91 22 3989 6000
Fax: +91 22 3983 6000

Noida

Unit No. 501, 5th Floor,
Advant Navis Business park
Tower-B, Plot# 7, Sector 142,
Expressway Noida, Gautam Budh Nagar,
Noida – 201305
Tel: +91 0120 386 8000
Fax: +91 0120 386 8999

Pune

9th floor, Business Plaza,
Westin Hotel Campus, 36/3-B,
Koregaon Park Annex, Mundhwa Road,
Ghorpadi, Pune – 411001
Tel: +91 20 6747 7000
Fax: +91 20 6747 7100

Vadodara

iPlex India Private Limited,
1st floor office space, No. 1004,
Vadodara Hyper, Dr. V S Marg
Alkapuri, Vadodara – 390 007
Tel: +91 0265 235 1085/232 2607/232 2672

Jaipur

Regus Radiant Centres Pvt Ltd.,
Level 6, Jaipur Centre Mall,
B2 By pass Tonk Road
Jaipur, Rajasthan, 302018.
Tel: +91 141 - 7103224

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2017 KPMG, an Indian Registered Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The document is meant for e-communication only.