



## Employees' Provident Fund Organisation directs its field offices to pay Provident Fund and Pension withdrawal benefit to eligible International Workers in their Indian bank accounts on the date of leaving service in India

### Background

In October 2008, Government of India made fundamental changes<sup>1</sup> in the Employees' Provident Funds Scheme, 1952 (EPFS) and Employees' Pension Scheme, 1995 (EPS) by bringing International Workers (IWs) under the purview of the Indian social security regime.

The Government of India amended the refund clause by a notification<sup>2</sup> dated 5 October 2012. According to the amended clause, IWs who are covered under a Social Security Agreement (SSA) between India and any other country can withdraw their accumulated Provident Fund (PF) balances under EPFS on ceasing to be an employee in an establishment covered under Employees' Provident Funds & Miscellaneous Provisions Act, 1952. Further, the notification stipulated that PF accumulations will be paid to IWs in their bank account directly or through the employer.

The Employees' Provident Fund Organisation (EPFO) issued a circular<sup>3</sup> on October 2014 with regard to disbursement of benefits to overseas bank accounts of IWs.

In November 2016, EPFO issued a circular<sup>4</sup> with regard to the payment of PF and Pension to the employees on or before the date of retirement.

Recently, EPFO has issued a circular<sup>5</sup> in regard to the settlement of claims and disbursement of benefits to the IWs.

### Highlights of the circular

In order to facilitate payment of Provident Fund and withdrawal benefit under the pension scheme (EPS) to IWs on the date of leaving service in India, the following instructions have been issued:

- The employer to be asked to pay contribution of retiring IWs within first three days of the month in which IWs are retiring through a separate Electronic Challan cum Return (ECR).
- The employer to submit the withdrawal application in respect of such IWs in the jurisdictional PF office by sixth of the month in which such members are leaving service.

<sup>1</sup> The Gazette of India  
[http://egazette.nic.in/WriteReadData/2008/E\\_538\\_2010\\_002.pdf](http://egazette.nic.in/WriteReadData/2008/E_538_2010_002.pdf)

<sup>2</sup> The Gazette of India  
[http://egazette.nic.in/WriteReadData/2012/E\\_507\\_2012\\_020.pdf](http://egazette.nic.in/WriteReadData/2012/E_507_2012_020.pdf)

<sup>3</sup> EPFO Circular [http://www.epfindia.com/site\\_docs/PDFs/Circulars/Y2014-2015/IWU\\_BankingAgree\\_IW\\_19453.pdf](http://www.epfindia.com/site_docs/PDFs/Circulars/Y2014-2015/IWU_BankingAgree_IW_19453.pdf)

Accessed on 28 March 2017

<sup>4</sup> EPFO Circular  
[http://www.epfindia.com/site\\_docs/PDFs/Circulars/Y2016-2017/CSD\\_RetirementBenefits\\_1289.pdf](http://www.epfindia.com/site_docs/PDFs/Circulars/Y2016-2017/CSD_RetirementBenefits_1289.pdf)

<sup>5</sup> EPFO Circular  
[http://www.epfindia.com/site\\_docs/PDFs/Circulars/Y2016-2017/IWU7\\_PaymentPFwithdrawlbenefit\\_Pen\\_34140.pdf](http://www.epfindia.com/site_docs/PDFs/Circulars/Y2016-2017/IWU7_PaymentPFwithdrawlbenefit_Pen_34140.pdf)

Accessed on 28 March 2017

- The jurisdictional PF office to ensure settlement of such retirement claims and credit the accumulations to IW's Indian bank account on the date of leaving service in India.
- If the IW wants interest on the settlement amount for the month of retirement also, PF claim settlement amount to be credited to IW's Indian bank account on the first day of the next month.

EPFO will make necessary changes in the software for processing the claims before exit from service.

### **Our comments**

Payment of PF and pension accumulations to the eligible IWs on the date of leaving service in India will be beneficial for International Workers employed in India. This should help address the problems faced by expats with regard to the payments of PF and pension withdrawal at the time of repatriation.

The benefit of PF and pension accumulations on the date of leaving would be available to those IWs who are covered under an effective SSA between India and any other country, irrespective of their age, at the time of leaving service in India.

The IWs from a non – SSA country would also get the benefit at the time of leaving service in India if they have attained 58 years of age.



**Ahmedabad**

Commerce House V, 9th Floor,  
902 & 903, Near Vodafone House,  
Corporate Road,  
Prahlad 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, Bangalore 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**

No.10, Mahatma Gandhi Road  
Nungambakkam  
Chennai 600 034  
Tel: +91 44 3914 5000  
Fax: +91 44 3914 5999

**Gurgaon**

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

**Hyderabad**

8-2-618/2  
Reliance Humsafar, 4th Floor  
Road No.11, Banjara Hills  
Hyderabad 500 034  
Tel: +91 40 3046 5000  
Fax: +91 40 3046 5299

**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 44034000  
Fax: +91 33 44034199

**Mumbai**

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

**Noida**

6th Floor, Tower A  
Advant Navis Business Park  
Plot No. 07, Sector 142  
Noida Express Way  
Noida 201 305  
Tel: +91 0120 386 8000  
Fax: +91 0120 386 8999

**Pune**

703, Godrej Castlemaine  
Bund Garden  
Pune 411 001  
Tel: +91 20 3050 4000  
Fax: +91 20 3050 4010

**Vadodra**

iPlex India Private Limited  
1st floor office space, No.1004,  
Vadodara Hyper, Dr. V S Marg,  
Bund Garden  
Vadodara 390 007  
Tel: +91 26 5235 1085 / 2322607 / 2322672

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