

TAX FLASH NEWS

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EPFO allows its members to avail second COVID-19 advance withdrawal

Background

The Government of India had introduced various reliefs last year in March 2020 under the Pradhan Mantri Garib Kalyan Yojana (PMGKY). In this regard, a special withdrawal under Para 68L of the Employees' Provident Funds Scheme, 1952 had been introduced in order to meet the financial need of members during the pandemic.

Non-refundable advance provided to the Provident Fund (PF) members

The Ministry of Labour and Employment, Government of India had issued a notification¹ dated 27 March 2020 which allowed a non-refundable advance from the Provident Fund account of a member, not exceeding the basic wages and dearness allowances of that member for three months or up to seventy-five per cent of the amount standing to his credit in the Fund, whichever is less.

Thus, PF members can claim a non-refundable advance from their provident fund account to the extent of lower of the following:

- 3 months basic wages and dearness allowance; or
- Up to 75 per cent of the accumulations in the member's provident fund account

Further, in order to clarify the questions on PF COVID-19 advance, Employees' Provident Fund Organisation (EPFO) had issued Frequently Asked Questions (FAQs) on 31 March 2020 and 4 April 2020.

For details of PF COVID-19 advance, FAQs and its process, please refer to our earlier Flash News dated 22 April 2020 by accessing the following link:

<http://www.in.kpmg.com/TaxFlashNews-INT/KPMG-Flash-News-Update-EPFO-and-PFRDA-Notification-and-circular-pursuant-to-relief-announced-by-GOI.pdf>

Key highlights of the press release

- Owing to the second wave of COVID-19 pandemic and mucormycosis² or 'black fungus' recently being declared as an epidemic, EPFO has issued a press release² to allow its subscribers to avail the second non-refundable COVID-19 advance.
- The COVID-19 advance has been a great help to the EPF members during the pandemic, especially for those having monthly wages of less than INR15,000.
- The provision and process for withdrawal of second COVID-19 advance remains same as in the case of first advance.
- Considering urgent need of members for financial support, EPFO has deployed a system driven auto-claim settlement process in respect of all such members whose KYC requirements are complete in all respects. EPFO endeavours to settle the claims within three days of receipt of the withdrawal application.

¹ Notification – Notified in official gazette on 27 March 2020

Accessed on 4 June 2021

² Ministry of Labour & Employment - <https://pib.gov.in/PressReleasePage.aspx?PRID=1723083> – issued on 31 May 2021 by PIB Delhi

Accessed on 4 June 2021

Our comments

The decision of Government of India to provide second PF COVID-19 advance would be a big relief to the PF members who are currently under financial distress due to the growing impediment imposed by the COVID-19 situation.

Further, the members who have not availed the first PF COVID-19 advance yet, they could still apply for the same.

However, more clarity/ implementation guidelines from the EPFO in this regard would be helpful.



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