

EPF withdrawal norms: You might retain right on entire corpus after April 30



EPF withdrawal: The central trade unions are battling strongly for you and have made a pitch to the government to do away with the new norms and continue with the earlier rule of allowing full withdrawal. (Photo: AP)

Are you worried over the new employees provident fund (EPF) withdrawal norms due to come into effect from May 1, 2016, that threatens to take away your right over the employer's contribution portion till 58 years age?

There is a high chance that you would continue to retain your right to withdraw your entire accumulation, including the employer's contribution portion, even after April 30 provided you are out of employment for two months or more.

The central trade unions are battling strongly for you and have made a pitch to the government to do away with the new norms and continue with the earlier rule of allowing full withdrawal.

"I think the notification on the new norms will be withdrawn by the government and they will revert to the earlier position. All central trade unions have opposed the move and written to Labour Minister, Bandaru Dattatreya and asked him to revisit the issue," D L Sachdeva, General Secretary, All India Trade Union Congress (AITUC) and member, Central Board of Trustee, EPFO told FeMoney.

Sachdeva said the CBT's Finance and Investment Committee would examine the issue. "EPF corpus is an employee's property. You cannot restrict a worker from taking out the money when he or she needs it? This is not proper. At best you can give an option to him or her to remain invested in the fund. It should be voluntary," he said.

The proposed new norms stipulate if you are below 58 years, and employed, you will be able to withdraw only your own contributions lying in the fund and the accrued interest on that and not the entire corpus. This, in effect, will deny you the employer's contribution and the interest accrued.

The new norms has proposed retirement age for provident fund purposes as 58 years against the earlier 55 years.

According to the existing rules on withdrawal of EPF, a subscriber has to be out of job for at least two months to seek withdrawal of his provident fund accumulation.

EPFO corpus is created through a 12 per cent contribution from the employee's salary along with a matching contribution from the employer and the interest accrued on the entire money.

