



# news flash

January 2017



## Amendment to the Employees' Provident Fund Scheme

### *Amendment*

The Ministry of Labour and Employment, Government of India has pursuant to its notification bearing ref. no. G.S.R.1065 (E) dated 11 November 2016 notified the Employees' Provident Funds (Sixth Amendment) Scheme, 2016 ("**Amendment Notification**") for amending certain provisions of the Employees' Provident Funds Scheme, 1952 ("**the EPF Scheme**") pertaining to transfer of the unclaimed provident fund amount.

### *Effective Date:*

The Amendment Notification shall come into effect from the date of its publication in the Official Gazette i.e. 11 November 2016.

### *Prior to the amendment:*

Paragraph 72 (6) of the EPF Scheme read as under:

*"Any amount becoming due to a member as a result of:*

- i. supplementary contribution from the employer in respect of leave wages/arrears of pay, instalment of arrear contribution received in respect of a member whose claim has been settled on account but which could not be remitted for want of latest address, or*
- ii. accumulation in respect of any member who has either **ceased to be employed** or died, but no application for withdrawal under Paragraphs 69 or 70 **or transfer, as the case may be** has been preferred within a period of thirty-six months from the date it becomes payable, or if any amount remitted to a person, is received back undelivered, and it is not claimed again within period of thirty-six months from the date it becomes payable*

*shall be transferred to an account to be called the Inoperative Account:*

*Provided that in the case of a claim for the payment of the said balance, the amount shall be paid by debiting the Inoperative Account.*

contd...

## ***The Amendment Notification:***

Paragraph 72 (6) of the EPF Scheme has been amended as follows:

- a) the words “*ceased to be employed*” are substituted with the words “*retired from service after attaining age of fifty-five years or migrated abroad permanently*”;
- b) the words “*or transfer, as the case may be*” are omitted;
- c) after the proviso, the following new proviso is inserted, namely:

*“Provided further that if any amount becoming due to a member, as a result of supplementary contributions on account of litigation or default by the establishment or a claim which has been settled but is received back undelivered not attributable to the member, shall not be transferred to the inoperative account.”.*

Pursuant to the Amendment Notification unclaimed provident fund amount will now be transferred to the inoperative account only after the retirement from service after attaining the age of 55 years or after migration abroad permanently and not merely after ceasing to be employed with an establishment.

Also the new proviso implies that if any amount is due to an employee on account of (i) litigation or (ii) default by the establishment or (iii) a settlement claim, but such amount is received back undelivered not attributable to the member, then it shall not be transferred to the inoperative account.

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