**FAQ on EPF**

1. **Which establishments are covered by the Act ?**

**Answer:** Any establishment / Industry which employs 20 or more employees. Except apprentice, trainee and casual laborers, every Employee including contract labor who is in receipt of basic salary up to Rs. 6500 p.m. is covered by the Act.

1. **Are the persons employed through a**[**contractor**](http://www.excelconsultancyservices.co.in/Glossary.htm#gContractor)**covered under the Scheme?:**

**Answer:** The persons employed through a contractor are included in the definition of "employee" under the Employees' Provident Funds Act, 1952.

1. **What is the contribution percentage to the Provident fund and Pension Scheme?**

**Answer:** Employers contribution of 12% of basic salary is totally deposited in provident fund account Whereas out of Employees contribution of 12% , 3.67% is contributed to Provident fund and 8.33% is deposited in Pension scheme.

1. **Have the employee and the employer to pay contribution on the entire pay of the employee?:**

**Answer:** Where the monthly pay of an employee exceeds six thousand five hundred rupees the contribution payable by him, and in respect of him by the employer, shall be limited to the amounts payable on a monthly pay of six thousand five hundred rupees.

1. **On what pay / allowances the P. F. Contributions is to be deducted?:**

**Answer:** The P. F. Contribution is to be deducted -

1. On basic wages
2. Dearness allowance and the retaining allowance if any.
3. **Is it necessary to deduct provident fund contribution from arrears of wages paid to an employee as a result of an award revising his scale of pay?:**

**Answer:** Arrears are emoluments earned by the employee while on duty and provident fund contributions have to be deducted from such wages.

1. **Is the employer liable to pay the contribution when he is not in a position to pay wages to the employees?:**

**Answer:** The employer is liable to pay the employer's contribution as well as the employee's contribution irrespective of the fact that wages have been paid to the employees or not.

1. **In case the Contractor fails to deduct and submit the PF amount from the contract workers then what is to be done ?**

**Answer:** The Company being the Principal employer is responsible for the PF to be deducted from the Contract workers as well. In case the Contractors fails to deduct and submit the PF dues then the Company has to pay the amount and can later on recover the amount from the Contractor.

1. **What if an employee while joining establishment has a basic salary of Rs 4200 and after some period of time his basic salary increases above Rs 6501/-, does he have an option to terminate his member ship form the Provident fund act?**

**Answer:** Employee who while joining the organisation has a basic salary above Rs 6501/- have an option to either become or avoid becoming member of Provident fund but employees whose basic salary while joining the organisation is less then Rs 6501/- but after some period of time their basic increases above Rs 6501/- have to compulsorily continue to be member of provident Fund.

1. **What are the offences under the Scheme and what is the punishment for them?:**

**Answer:** If any person-

1. deducts contribution & makes default in payment to the department
2. fails to submit any return, statement or other document required by the Scheme or submits a false return, statement or other document or makes a false declaration;
3. obstructs any inspector appointed under the Act or the Scheme in the discharge of his duties or fails to produce any record for his [inspection](http://www.excelconsultancyservices.co.in/Glossary.htm#gInspection);
4. is guilty of contravention of or non-[compliance](http://www.excelconsultancyservices.co.in/Glossary.htm#gCompliance) with any other requirement of the Scheme; he would be punished with imprisonment and / or fine as the case may be.
5. **Is it permissible to exempt any**[**establishment**](http://www.excelconsultancyservices.co.in/Glossary.htm#gEstablishment)**from the operation of the Act because of their**[**financial**](http://www.excelconsultancyservices.co.in/Glossary.htm#gFinancial)**position?**:

**Answer:** The Act permits the [Central Government](http://www.excelconsultancyservices.co.in/Glossary.htm#gCentralGovernment), subject to specified conditions, to exempt any class of establishments from the operation of the Act, if having regard to their financial position or other circumstances of the case, it is necessary or expedient to do so.

1. **Are there any**[**establishments**](http://www.excelconsultancyservices.co.in/Glossary.htm#gEstablishment)**to which the Act is not applicable at all?**

**Answer:** The Act is not applicable -

a. To any [factory](http://www.excelconsultancyservices.co.in/Glossary.htm#gFactory) or other [establishment](http://www.excelconsultancyservices.co.in/Glossary.htm#gEstablishment) registered under any Central or State law relating to co-operative societies, employing less than 50 persons and working without the aid of power;

b. To any [establishment](http://www.excelconsultancyservices.co.in/Glossary.htm#gEstablishment) belonging to the [Central Government](http://www.excelconsultancyservices.co.in/Glossary.htm#gCentralGovernment) or a [State Government](http://www.excelconsultancyservices.co.in/Glossary.htm#gStateGovernment) and having a scheme of contributory provident fund or old age pension;

c. To any [establishment](http://www.excelconsultancyservices.co.in/Glossary.htm#gEstablishment) set up under any Central or State Act and having a scheme of contributory provident fund or old age pension.

1. **What is the accounting year for Provident fund account?**

**Answer:** Accounting year is from March to February.

1. **In case after registering the establishment at any point in time, the number of employees working in it becomes less than 20 then will the Act apply ?**

**Answer:** Any establishment which has been covered under the Act once shall continue to be governed by the Act even if the number of persons employed therein at any time falls below 20.

1. **Is it possible to appeal against the orders of the Central Government or the Central Provident Fund Commissioner?**

**Answer:** Yes, there is a body called as Provident Fund Appellate Tribunal where an employer can appeal.

1. **Who is the authority to decide regarding the disputes if any ?**

**Answer:** In case there is a dispute regarding the applicability of the Act or the quantum of money to be deducted etc. the authority to decide are the

1. Central Provident Fund Commissioner,
2. any Additional Provident Fund Commissioner,
3. any Additional Central Provident Fund Commissioner
4. any Deputy Provident Fund Commissioner
5. any Regional Provident Fund Commissioner or
6. any Assistant Provident Fund Commissioner
7. **Which form has to be filled while becoming member of provident fund?**

**Answer:** Nomination Form No 2 has to be filled to become a member of the Provident fund, form is available with HR department.

1. **What is this 19 & 10C form ?**

**Answer:** Form No 19 is for Provident fund withdrawal & Form No. 10 C is for Pension scheme withdrawal.

1. **The EPF organization has made it mandatory for the employers to generate challans from its portal (EPFO) w.e.f. 1.4.2012. We are giving below the procedure for generating such challans for the benefit of our readers -**

**Answer:** With effect from 01.04.2012, any remittance is to be made by the employer has to be done only after generating challan from the Employer Portal of EPFO. In case of wage month March 2012 onwards, the employer has to upload Electronic Challan cum Return (ECR) in the pre specified format and challan will be populated on the basis of uploaded return. For previous and other dues the challan has to be filled in online to generate and print it for remittance.

1. **What happens if the employer does not register?**

**Answer:** The online generation of challan will not be possible if the employer has not registered his / her establishment. The employer has to register and create his / her user id & password for accessing the Employer Portal of EPFO.

1. **After successful registration and creation of user id and password, the employer has forgotten the user id and / or password. What to do?**

**Answer:** At the login screen of the Employer Portal, there is a link "Forgot Password?", Click the link. You will get a pop up screen where you have to enter the establishment id. Then enter the user id or primary mobile number or primary e-mail id. On submit, you will get an SMS using which you can login.

1. **How to change the profile details of the establishment?**

**Answer:** Please login to the Employer Portal. Under the "PROFILE" Menu there is link "Edit profile". Change the details and click "Get PIN" to get SMS on the primary mobile number. Enter the PIN and click Update Profile. Confirmation message will be sent through SMS.

1. **What is ECR?**

**Answer:** ECR stands for Electronic Challan cum Return. This is an electronic monthly return to be uploaded by the employer through the Employer e-Sewa portal. The return will have the member wise details of the wages and contributions including basic details for the new and existing members (members who have joined or have left service in the wage month for which the return is uploaded). The approval of uploaded ECR will result in generation of a Challan using which the employer has to remit the dues in the designated branches of SBI. Thus each ECR will be linked with a remitted challan and the ECRs uploaded but not remitted will lapse after 15 days of the generation of the challan. The upload of ECR each month will relieve the employers from filing any paper return and also the various monthly and annual returns. The upload of ECR that are backed with remitted challan in the EPFO Application will result in the updating of member balances on a monthly basis. This information will be shared with the members through the Know Your PF Balance link.

**Easy steps for generating e-Challans**

1. **How can an employer upload ECR on the employer e-sewa postal ?**

**Answer:** The employer has to first register his / her establishment, instructions for which has been made available on the E-sewa portal. The registered employers have to prepare the ECR text file as per the format made available on the E-sewa portal. The method of preparing the file has also been explained in it. It is as follows:

How to Prepare ECR Text file:

Step 1: Use any Spreadsheet (Open Office, Excel, Lotus etc,) for creating the member details as per the prescribed format and save the file in CSV (Comma delimited) format.

Step 2: Open the CSV file in any text editor (notepad, edit plus, etc.,) and replace all “,” (comma) with “#~#” (Hash-Tilde-Hash). Save the CSV file.

Step 3: Change the file extension from CSV to TXT. Your file will be ready for upload.

Alternatively the employer can also use the e-return software version 4.0 available on the epfindia website. The employer after the registration of the establishment can login to the portal using his credentials for uploading ECR each month. Instructions on how to upload the ECR file has been made available on the portal.

1. **Why is my ECR text file is not uploaded ?**

**Answer:** Once the ECR file is uploaded, the system checks whether the file is complying to the prescribed format and in case there is any error then the upload is not successful. An error log is created and line wise error is indicated. Common mistakes to be avoided:

a. Do not use decimals in the numeric fields such as wages, contributions, NCP days etc.

b. Do not use any special character other than . (period) in character fields such as name.

c. The date fields should be in dd/mm/yyyy format. Do not use other separator like “-” or “.” in the date fields.

d. Do not enter any values in column number 17 to 22 in case of existing members and exiting members (members who have not joined during the wage month for which the return is uploaded)

e. Do not enter any values in the column number 23 to 25 in case of members who have not left service during the wage month for which the return is uploaded.

f. Each line should have 24 column separators #~# irrespective of some column not having any values.

g. There should not be any header line with the field names etc.

1. **What should I do when the ECR file has been successfully uploaded?**

**Answer:** On successful upload of the ECR file, a summary page of uploaded ECR file will appear. You have to fill in the details regarding EDLI and EPF / EDLI administrative / inspection charges. Please check the rate of contribution applicable to your establishment. By default it will appear as 12% but it can be changed to 10% if this rate is applicable. On click of submit button, a digitally signed PDF File will appear. Download the file and verify the data in the file to satisfy yourself on the correctness of the members wise data as compared to the uploaded text file data. Once you approve the PDF file, a Challan will be generated with a TRRN (Temporary Return Reference Number) along with an acknowledgement slip for the uploaded ECR file. Print the challan and make the remittance. You have two options: a. If you are a CINB (Corporate Internet Banking) customer of SBI you can make online remittance using the TRRN. For this you have to login to the Online SBI portal.(This facility will start after some time and pleas use the option b - payment through cheque for some time). b. Otherwise submit the Challan with Demand Draft/ Local Cheque at any designated SBI Branch accepting PF Challans.

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