

FREQUENTLY ASKED QUESTIONS ON CENTRAL GOVT. SUBSIDY FOR EMPLOYEES' AND EMPLOYERS' CONTRIBUTION FOR NEXT THREE MONTHS TO LOW WAGE EARNING EPF MEMBERS EMPLOYED IN BUSINESSES WITH EMPLOYMENT STRENGTH UPTO ONE HUNDRED

Q1: What is the objective of this Scheme?

Ans: The Central Govt. announced Pradhan Mantri Garib Kayan Yojana Package to help the poor fight the COVID-19 pandemic. As part of this package, with the objective to prevent disruption in the employment of low wage earning employees and support businesses employing less than one hundred employees, the Central Govt. has decided to pay 24 percent of the monthly wages into EPF accounts for next three months

Q2: What are the effective months during which this Scheme is being implemented?

Ans: This Scheme will be in operation for the next three months and covers the period of wage months- March, 2020 for which ECR is due on or before 15.04.2020, April for which ECR is due on or before 15.05.2020 and May 2020 for which ECR is due on or before 15.06.2020.

Q3: Which are the establishments eligible for getting the benefit of contributions from Central Govt.?

Ans: For any establishment to be eligible for benefits,

(i) The establishment or factory should already be covered and registered under the Employees' Provident Funds & Misc. Provisions Act, 1952 as on 29.02.2020.

(ii) The total number of employees employed in the establishment should be less than or equal to 100 (one hundred), with 90% or more of such employees should be drawing monthly wages less than Rs.15000/- as in ECR for the months prior to March, 2020 as well as during the months- March, 2020, April 2020 and May 2020.

Q4: Are all employees of eligible establishment eligible for the Central Govt. subsidy?

Ans: For an employee to be eligible for benefits,

(i) Employee should be employed in any eligible establishment earning monthly wages of less than Rs.15000/- with date of joining in UAN prior to 29.02.2020. The UAN of the employee should be validated with his/her Aadhaar.

(ii) Employee should be a contributory member of EPF Scheme, 1952 & Employees' Pension Scheme, 1995 whose contributions are received for any period during last six months (September 2020 to February 2020) in the ECR filed by any eligible establishment against his/her UAN.

Such contributions in ECR should have been received on monthly wage of less than Rs.15000/-

Q5: Can you illustrate the verification of eligibility of an EPF covered establishment for subsidy?

Ans: If an establishment already covered under the EPF & MP Act, 1952 has remitted contributions in respect of fifty employees for the month of January 2020, through ECR and on verification of ECR, it is found that for 46 employees (92% of 50

employees), the contributions are paid on wages less than Rs.15000/-, the establishment is eligible.

All the 46 employees earning wages less than Rs.15000/- are eligible for benefit.

If the above situation of total employees up to 100 and 90% or more of employees earning monthly wage of less than Rs.15000/- prevails in wage month of March, 2020, April, 2020 and May 2020, the establishment is eligible for benefit under this Scheme.

Q6. What is the quantum of Central Govt. subsidy?

Ans: The entire employee's EPF contributions (12% of wages) and employer's EPF & EPS contribution (12% of wages), total 24% of the monthly wages for the next three months shall be directly paid by the Central Govt. in the EPF accounts (UAN) of eligible employees in employed in eligible establishments.

Q7: Whether employee is defined for the purpose of this Scheme?

Ans: The definition of employee as contained in sec 2(f) of the EPF & MP Act, 1952 as well as other definitions in EPF & MP Act, 1952 are mutatis mutandis applicable to this Scheme.

Q8: Who will be considered as contributory member for determining eligibility?

Ans: Employee, employed in eligible establishment, should be a contributory member of EPF Scheme, 1952 & Employees' Pension Scheme, 1995, whose contributions are received against his/her UAN for any period during last six months (September 2020 to February 2020) in the ECR filed by any eligible establishment.

Q9: How an eligible employee is benefitted by this Scheme?

Ans: The monthly employee's EPF contributions @ 12% of monthly wage which is deducted from wage of the employee is now to be paid by the Central Govt. in the EPF account of the eligible employee. So there will be no deduction from wages of eligible employee who will have a higher take home salary.

Since the employer is also supported for employer's share by the Govt., it prevents loss of employment and ensures payment of wages to employees.

Q10: How an employer of eligible establishment is benefitted by this Scheme?

Ans: Employer of eligible establishment is not required to pay his share of EPF & EPS contributions @12% of monthly wage of eligible employees of his establishment and so employer saves this money. This is an incentive to employers of small business to retain all his employees and pay them wages.

Q11: Can you illustrate the monetary benefit to an Employee & Employer under this Scheme?

Ans: If an eligible employee draws a monthly wage of Rs.10000/-, Rs.1200/- which was to be paid into EPF by deduction from his monthly wage will now be paid by the Central Govt.

Further, in the above case, the employer is also not required to incur expenditure of Rs.1200/- from his finances as the Central Govt. pays the same.

Q12: So, Central Govt. will bear the entire liability under the EPF & MP Act, 1952 for eligible establishments?

Ans: The Central Govt. shall bear the entire liability towards the EPF & EPS contributions of the eligible employees in eligible establishment. The employer of eligible estts, shall continue to pay the EDLI contributions and EPF administrative charges for all employees as well as the EPF & EPS contributions for ineligible employees.

Q13: Whether this subsidy scheme is applicable to employees in exempted establishment?

Ans: Yes, provided that the establishment meets the eligibility conditions as mentioned in Answer to Q3

Q14: If the UAN of any eligible EPF member from the North-East States is not validated with Aadhaar, how the benefits can be claimed?

Ans: The exemptions from Aadhaar validation in respect of employees who are residents of Assam, Meghalaya & Nagaland are already in place and continue to apply for this Scheme also.

Q15: If the UAN is not validated with Aadhaar in respect of employees other than from States of Assam & Meghalaya, how the validation is possible in lockdown period?

Ans: Online e-KYC facility is available to member on EPFO Portal as well on UMANG mobile App to self-validate their UAN with Aadhaar without any intervention by Employer.

This is in addition to Online Aadhaar validation in member's UAN by employer.

Since the validation is Online, it can be completed

Q16: Whether the EPFO will communicate with the employers of the establishments found eligible from ECRs of month prior to March 2020?

Ans: Yes, EPFO will send communication in employer's login to all such establishments for payment of wages to employees and filing of ECR. However, the eligibility will be validated on filing of ECR for the wage months- March, 2020, April 2020 and May, 2020.

Q17: How the benefits can be applied for and who has to apply, employer or employee?

Ans: The employer in relation to any eligible establishment, is required to first disburse salary/wages for the month to all employees of the establishment, without deducting EPF contributions from wages of eligible employees and then file Electronic Challan cum Return (ECR) within due dates as prescribed under EPF Scheme, 1952.

Q 18: What is last date for filing ECR to avail the benefit?

Ans: The benefit of Govt. subsidy can be availed only if the ECR for each of the wage month are filed within due dates- March, 2020 due on or before 15.04.2020, April 2020 on or before 15.05.2020 and May 2020 on or before 15.06.2020.

Q 19: Is the employer required to file separate ECR for the eligible employees?

Ans: Each eligible establishment has to file **only one ECR** for each of three months in respect of its total employees both eligible as well as ineligible employees.

Q 20: Is the employer required to file any other information other than ECR?

Ans: The Form 5A (Ownership return) should contain particulars of all branches and departments of the establishment and also code numbers, if any, taken for administrative convenience for the branches. The employer can update Form 5A online using his approved Digital Signature Certificate (DSC).

Q 21: Whether the contributions amount has to be initially paid by the establishment and thereafter reimbursed by Central Govt.?

Ans: Once ECR is uploaded by an employer eligible for subsidy, then the challan will separately show such amounts of employees' and employers' contributions as Central Govt. subsidy due under this Scheme in respect of eligible employees and the remaining amount payable by the employer.

After the employer remits the payment due from him as reflected in challan as noted above, the EPF & EPS contributions in respect of eligible employees will be credited directly in their respective UAN by the Central Govt.

There is no need to seek reimbursement of subsidy.

Q22: What is the responsibility of employer for availing the benefits?

Ans: The employer must ensure to file correct information, statement or declaration- total number of employees, disbursement of wages, amount of wages in the ECR and ownership and establishment in Form 5A.

If it is discovered that the information furnished or declaration made electronically in ECR or Form 5A or otherwise are false/incorrect, then the employer will be liable to refund the subsidy and also face the penal consequences for such contravention under the EPF & MP Act, 1952.

SOME SYSTEM CHECKS/PROVISIONS REQUIRED TO BE PUT IN PLACE:

1. 24% benefit amount should be credited only in Aadhaar validated UANs and process flow of funds to exempted PF Trust
2. Only one ECR for one month should be allowed.
3. ECRs filed for March to May 2020 by establishment claiming benefits should not be allowed to be revised at any future date.
4. No supplementary ECR or Arrear ECR should be allowed at a future against the month / members for which benefit is already claimed.
5. PF wages of the member in ECR for benefit months to be checked with PF wage of last six months.
6. Gross wage column of each member and column for excluded employee in ECR should be made compulsory.
7. System to stop credit of employer's share (12%) in r/o UANs getting PMRPY benefits
8. A provision for electronic declaration/undertaking from employer regarding genuineness of information at time of submission/uploading ECR may be introduced.
9. Banking arrangements similar to PMRPY Scheme for upfront credit of Govt.'s subsidy in UANs