



Ministry of Finance

Tax Relaxation under NPS

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The Finance Act, 2016 amended the Income-tax Act, 1961 (the Act) to provide that 40% of the amount payable to the employee subscriber of NPS on his closure of account or his opting out of the scheme, shall be exempt from tax.

Further, Finance Bill, 2017 has proposed to amend the Act to provide exemption from tax at the time of partial withdrawal by an employee from National Pension System Trust in accordance with conditions specified under Pension Fund Regulatory and Development Authority Act, 2013 and regulations made there under, to the extent it does not exceed twenty five per cent of the contributions made by him.

There was no proposal for tax relaxation from Securities and Exchange Board of India in the agenda of 16th Financial Stability Development Council meeting held on 5th January 2017.

This was stated by Shri Santosh Kumar Gangwar, Minister of State in the Ministry of Finance in written reply to a question in Lok Sabha today.

DSM/KA

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