



Clarification by Pension Fund Regulatory and Development Authority (PFRDA) on transfer of amount from Recognized Provident Fund & Superannuation Fund to National Pension Scheme (NPS)

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In the budget of 2016-17, the Government had announced that the subscribers from recognised Provident Funds and Superannuation Funds would be able to transfer their corpus from these funds to National Pension System (NPS) without any tax implication.

With the NPS gaining momentum vis-à-vis other retirement products and a number of queries being raised on the transfer of amounts from recognised Provident/Superannuation Funds to NPS, Pension Fund Regulatory and Development Authority (PFRDA) has clarified the process through a circular dated 06.03.2017.

Accordingly, in case the subscriber is interested to get his/her recognised Provident Fund/Superannuation Fund transferred to NPS, he/she needs to follow the below mentioned process:

1. The subscriber should have an active NPS Tier I account which can be opened either through the employer (where NPS is implemented) or through the Points-of-Presence (POPs) or online through eNPS on the NPS Trust website www.npstrust.org.in
2. The subscriber presently under Government/Private Sector employment should approach the recognised Provident Fund/Superannuation Fund Trust through the current employer by giving request for transfer to his/her NPS account.
3. The Recognised Provident Fund/Superannuation Fund Trust may initiate transfer of the Fund as per the provisions of the Trust Deed read with the provisions of the Income Tax Act, 1961.
4. The Recognised Provident fund/Superannuation Fund may issue the cheque/draft in the name of:
 - a) **In case of Government employee:** Nodal Office Name (PAO or CDDO Name) <> Employee Name<> PRAN (12 Digit No.)
 - b) **In case of subscriber presently under Private Sector including All Citizen Model:** POP (Name of the POP) Collection Account-NPS Trust<>Subscriber Name<>PRAN (12 Digit No.)
5. In case of Government or Private Sector employee, the employee should request the recognised Provident Fund/Superannuation Fund to issue a letter to his present employer mentioning that the amount is being transferred from the recognised Provident Fund/Superannuation Fund to be credited in the NPS Tier I account of the employee which would be recorded by the present employer or POP as the case may be, while uploading the amount.

It may be noted here that as per the provisions of the Income Tax Act, 1961 the amount so transferred from recognised Provident Fund/Superannuation Fund to NPS is not treated as income of the current year and hence not taxable. Further, the transferred recognised Provident Fund/Superannuation Fund will not be treated as contribution of the current year by employee/employer and accordingly the subscriber would not make Income Tax claim of contribution for this transferred amount.

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