# Atal Pension Yojana

Under the Atal Pension Yojana, Central govt. contributes 50% of the subscriber's contribution or Rs. 1000 per annum (whichever is lower) for 5 years. Govt. contribution is restricted only for those people who are non-income tax payers and are also not covered under Statutory Social Security Scheme. All the bank account holders can apply for this APY Scheme and get guaranteed minimum pension from govt. of India. Atal Pension Yojana is one of the Jan Suraksha Schemes launched by NDA Government which aims to create social security at old age.

## Eligibility

The candidates must fulfill the following eligibility criteria to avail Atal Pension Yojana Benefits:-

- All the subscribers must be an Indian Citizen
- Applicants must lie between 18 to 40 years of age.
- The minimum contribution period for APY is 20 years after which govt. of India will provide guaranteed minimum pension.
- Aadhaar and Mobile number are essentially recommended documents for KYC of beneficiary, spouse and nominee. Moreover for address proof candidates can submit ration card or bank passbook.
- To participate in the scheme, the applicant should have a saving bank account and should not be a member of any statutory social security scheme.
- All the existing members of Swavalamban Yojana NPS Lite which did not gain much popularity has automatically been migrated to Atal Pension Yojana.
- The applicant should not be a tax-payer to the country.

## Benefits

- Fixed pension for the subscribers ranging between Rs.1000 to Rs. 5000, if s/he joins and contributes between the age of 18 years and 40 years. The contribution levels would vary and would be low if subscriber joins early and increase if s/he joins late.
- The same pension is payable to Spouse after death of Subscriber.
- Return of indicative pension wealth to nominees after death of spouse.
- Contributions to the Atal Pension Yojana (APY) is eligible for tax benefits similar to the National Pension System (NPS). The tax benefits include the additional deduction of Rs 50,000 under section 80CCD(1).

## Tax Benefits

Contributions made by an individual under the Atal Pension Yojana are eligible for the deductions under section 80CCD of the Income Tax Act, 1961. Maximum deduction allowed under section 80CCD (1) of the Income Tax Act, 1961 is 10% of gross total income subject to maximum deduction of Rs. 1,50,000 p.a. as specified under section 80CCE of the Income Tax Act.

An additional contribution of Rs. 50,000 p.a. is eligible for an additional deduction of Rs. 50,000 p.a. under section 80CCD(1B) of the Income Tax Act, 1961. These deductions are subject to the fulfillment of the conditions mentioned in the Income Tax Act, 1961. Tax laws are subject to amendments from time to time. This is not a legal advice or tax advice and users are further advised to consult their tax advisors before making any decision or taking any action.

## Penalty on Delayed Contributions by Banks

Usually a penalty is collected by banks for delayed contributions under Atal Pension Yojana. As per the official APY website, these are the penal charges for delayed contributions:-

- Rs. 1 per month for contribution up to Rs 100 per month.
- Rs. 2 per month for contribution between Rs 101 and Rs 500.
- Rs. 5 per month for contribution between Rs 501 and Rs 1,000.
- Rs. 10 per month for contribution exceeding Rs 1,001.

If the monthly contribution is not made of continuous 6 months, the account will be frozen. The account will be deactivated if no payment is made for 12 months or will be closed in case non-payment for 24 months.

The latest PFRDA communication also stated that penal interest will not be charged if the subscriber's pension scheme account is regularized before September 30, 2020. "Penal interest will not be charged if your non-deducted APY Contributions from April-2020 to August-2020 are regularized along with regular APY contributions before 30th September, 2020."