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FAQs on Surrender of Provident Fund Exemption

1. What does surrender of Provident Fund Exemption mean?

As per the Provident Fund Act 1952, all establishments with more than 20 employees have to contribute 12% (employee) + 12% contribution towards provident fund. This amount is to be paid to the Regional Provident Fund office by uploading an ECR under A/c 1. When an establishment is exempt, it is allowed by the Regional Provident Fund office to make the payment of the said contributions to a dedicated Provident Fund Trust and make investments out of the said funds. The Provident Fund Trust is managed by the establishment and is therefore able to frame its own rules and regulations.

In short, instead of paying to the Regional Provident Fund office (EPFO), the establishment is allowed to create the Fund and manage the Provident Fund Trust Activity.

By surrendering the exemption, we will contribute to the Regional Provident Fund Office and will not maintain our own Trust. The existing accumulation of the members with the Provident Fund Trust would be transferred to the Regional Provident Fund office (EPFO) under the respective UAN (Universal Account Number) allotted by the Regional Provident Fund office (EPFO).

2. Why surrender when we have been managing the self-managed Provident Fund for so many years?

The basic objective of seeking exemption was to provide enhanced services and better loan functionality whilst managing the interest rate comparable with the Government Scheme. This was because, in the past, the Government Scheme had operational challenges.

In recent times, there has been a significant investment in improving the IT infrastructure by the Government of India, and today most of the functions have been automated enabling an employee to digitally view, transfer and settle their account. There is a dedicated app available which provides a lot of service support. It enables employees, active or separated, to be able to access their provident fund balance, withdraw, transfer, etc. online.

Given the uncertainties in the Securities and Bonds Market, there are serious risks of default & interest shortfall that would have to be compensated by the establishment. This creates significant challenges in managing the interest rates declared by the Regional Provident Fund office (EPFO).

Considering the service issues and investments outlook, it is in the best interest of all that the said activity is managed by the Regional Provident Fund office (EPFO) who will be able to do a better job given their size, reach and Government support.

3. When is this change effective and how does it impact me?

The Company has resolved to surrender the exemption with effect from **1st December 2019**.

This means that the provident fund contributions (12% employer + 12% employee + Voluntary contributions) for the payroll month of December 2019 and thereafter will be paid to the Regional Provident Fund office (EPFO) through ECR under respective UAN (Universal Account Number). No amount will be paid to the Tata Technologies Provident Fund Trust.

The Company has applied to the Regional Provident Fund office (EPFO) for surrendering/cancelling the exemption granted and changing the status of the establishment from Exempted to Un-exempted in their

records. The investments held by the Provident Fund Trust will be transferred to the Regional Provident Fund office (EPFO) along with the provident fund accumulations of the members lying in the Trust.

4. How much time will it require to transfer the existing PF balance from TTL managed PF trust to EPFO?

The procedure is lengthy, and it will take anywhere between 6 to 9 months for provident fund accumulations to be transferred to the Regional Provident Fund office (EPFO).

This will happen through the following stages:

- a. Acceptance of our Surrender application
- b. Verification of Members and Investments balances
- c. Inspection and reporting
- d. Approval to transfer the Investments
- e. Approval to transfer the Members balances
- f. Uploading of details into the Unified Portal of the Regional Provident Fund office (EPFO) based on respective UAN
- g. Changing the status from Exempted to Un-exempted

Till the last stage is reached, members will not be able to view their online balances under the UAN.

5. What happens during the Transition period?

After the effective date namely 01.12.2019, the following changes will happen, since the Provident Fund Trust Rules will not apply, and the Fund will have limited funds in view of the future contributions not coming to the Provident Fund Trust.

Sr	Particulars	Change
1	Refundable Loans	No new refundable loans would be granted. There is no provision to give refundable loans in the Provident Fund Act 1952. The existing Refundable loan balances need to be repaid before the Provident Fund accumulations are transferred to the Regional Provident Fund office (EPFO).
2.	Non-Refundable Loans	The same would be continued on the same terms and conditions as earlier and would be subject to fund availability.
3.	Settlements	There would be two settlements namely: One would be from the Provident Fund Trust in respect of accumulations up to 01.12.2019. The second would be from the Regional Provident Fund office (EPFO) in respect of contributions after 01.12.2019. The second settlement would be delayed since the same would have to be done online and therefore it will be possible only after the status of the

		establishment has been changed to Un-exempted. Further there would be TDS implications as explained separately.
<p>Post 01.12.2019, the Provident Fund Trust would have only interest income and redemption receipts if any. It will have to manage the settlements and loans within these funds. There could be delays in settlements and loan processing depending on fund availability.</p> <p>Once the investments are transferred to the Regional Provident Fund office (EPFO), there would be no loans and settlements. There would be a period where no loans or settlements will be made by the Provident Fund Trust.</p> <p>No transfer in request (Form 13) would be entertained post 01.12.2019. This will have to be done post surrender process is complete and our status is updated as Un-exempted.</p> <p>Employees will be able to see their passbook only when the status is updated as un-exempted. Till that time, it will not be visible.</p> <p>While these are transitional issues, we expect to expedite the transfer of funds matter so that employees are able to avail all benefits of their savings via EPFO</p>		

6. I am out of India, what happens to my accumulated PF balance with the trust?

The accumulated balance will be transferred to the EPFO Fund and on your return, once your salary is processed in India, your contribution will be made directly to the EPFO.

7. I have availed a refundable loan on my PF balance, how will the loan be recovered?

The Refundable loan balances cannot be transferred to the Regional Provident Fund office (EPFO).

One option is to repay the same or alternatively at the time of transfer to the Regional Provident Fund office (EPFO), the same will be recovered from member's share of contribution. Till this time, the recovery will continue from the salary as usual. Please reach out to the Finance team for any specific queries around this and in case you would like to repay the loan prior to the tenure.

8. Will there be any changes in service quality?

The quality of service and the turnaround time will be different. The Regional Provident Fund office (EPFO) has invested in making the entire process online and paperless. It will enable employees to conduct a lot of activities online, namely nominations, transfers, claim applications etc. The Regional Provident Fund office (EPFO) has also focused on direct contact with the employee and hence employers will have very little role to play and the employees need to interact with the PF offices directly.

A lot would depend on the quality of member records, namely KYC updation, Aadhar linking, name updation, up-to-date transfer of provident fund accumulation from earlier employment, etc. These are all prerequisites for online applications. In this period of transition, the organization will endeavor to ensure that the required facilitation is provided.

9. What facilities are available online after moving to EPFO?

- Online settlement of PF and Pension
- Online Nomination updation
- Mobile app for online access and updation
- Generating UAN number along with KYC updation in the PF's unified portal
- Online system for transfer of PF account, etc.

10. Currently, I am contributing towards Voluntary provident fund (VPF) from my salary. Will I be allowed to continue with VPF and will there be any change in the contribution for VPF?

You can continue to contribute to VPF and maximum contribution towards VPF is allowed up to 88% of your basic salary and the same will be clubbed in member contribution. There is no separate VPF account with the Regional Provident Fund office (EPFO). Hence while uploading the ECR and making the payment, it will be added as employee's own contribution.

11. I have applied for PF transfer from my previous company which is in process; will there be any issue during the transition period?

There will not be any issue for PF transfer during the transition period. We will be transferring the funds to EPFO whichever is received from previous employment till the surrender activities.

12. Will I be assigned new UAN, PF and pension number after migration to EPFO Fund?

You will not be assigned a new UAN, PF and Pension number. The one mentioned on your pay slip will continue.

13. Will I be allowed to avail PF loan (Refundable/Non-refundable) after transfer to EPFO fund.?

Post 01.12.2019, the provisions of the PF Act 1952 apply. Accordingly, no refundable loan will be possible. Non-refundable loan, as per your eligibility and in accordance with the PF Act 1942, will be available and can be applied online through the member UAN portal.

14. Where can I raise my queries and grievances post transfer to EPFO fund?

Post transfer of PF funds prior to 01 Dec 2019 and confirmation that all accounts are settled, you can approach the Regional P.F. Commissioner in charge of grievances; file a complaint on the website using the EPFIGMS feature in the section 'FOR EMPLOYEES'. The URL for the grievance page is <http://epfigms.gov.in/>.

15. I have completed my KYC, will I have to do my KYC again with EPFO, post transfer to EPFO?

If the KYC is approved by the Employer, you are not required to do it again.

16. Where do I declare my nomination?

Employees can declare their nominations by logging in to the UAN portal.

17. Do I need to declare the nomination once again post surrender the PF to EPFO?

Employees can declare their e-NOMINATION at Member Interface of Unified Portal. The URL is <https://unifiedportal-mem.epfindia.gov.in/memberinterface/>.

This must be done on the EPFO portal irrespective of whether the nomination was already made/updated with the Provident Fund Trust or not.

18. What is the method of crediting interest to the PF subscribers?

The compound interest is credited on a monthly running balance basis at the statutory rate declared by EPFO for every year.

19. How can I know the balance in my PF account?

Please activate your UAN and check/download your passbook.

20. What is an Inoperative Account?

An account is classified as an Inoperative account in which contribution has not been received for 3 years.

- After retirement
- Permanent migration abroad
- In the case of death.

At present, all accounts will earn interest up to 58 years of a member's age.

21. Will my Inoperative account earn interest?

No. However, at present, accounts will earn interest ONLY until the member turns 58.

With UAN (Universal Account Number) your service period under various employers will be reflected under the same UAN number.

It is advised that the same UAN is provided to the employers so that the issue of transferring is easy, and the problem of Inoperative Accounts are completely eliminated.

22. Why can't I see my PF and pension balance on the EPFO website?

Post successful transfer the PF accumulation to EPFO, you can check your details by logging in to UAN.

23. After transfer of the PF contribution to the EPFO – a) how will we apply for Loans b) how can we check our balances/statements c) are all the operations in the EPFO online or is there a call Centre number?

Member can submit online claims for Form-19, 10C and 31. However, the member must ensure that their UAN is activated and at least the bank account and Aadhaar KYCs in respect of the account are approved by the Employer using their Digital Signature Certificate.

24. In case of a change in employment, can a member get his/her PF Account transferred?

In case of a change in employment, the member should necessarily get their PF account transferred to their present establishment, duly submitting Form 13(R). A member can submit a claim for transfer online using the member interface at the unified portal.

25. How is a PF member informed of the transfer effected?

The transfer is reflected in the Member Passbook and the status made available to him/her through the member interface at the unified portal.

26. How to submit a claim form with EPFO?

Online: If the PF account is seeded with Aadhaar, PAN and Bank account will be updated. Only Composite Claim Form (Aadhaar) for PF final withdrawal, Pension withdrawal benefits and PF non-refundable advances can be filed online.

27. How much time is taken to settle a claim?

As per the EPFO Scheme, a claim is required to be settled within 20 days.

28. How can I know the status of my application for PF settlement, advance or transfer submitted to the EPF office?

Please use the URL <https://passbook.epfindia.gov.in/memClaimStatusUAN/> for checking your claim status.

29. If the member withdraws before completing 5 years of service/membership, will there be any tax implication on the same and who will comply the same? At present, the company deducts the tax, pays to government and files the necessary returns?

Income Tax (TDS) is deducted if the service is less than 5 years (60 months). No Income Tax (TDS) is deducted in case the total balance is less than Rs. 50,000/-. However, TDS is deducted @10% if the member submits PAN. In case PAN is not submitted, then TDS @34.608% is deducted.

There will be issues in case the member opts for settlement before the transfer of their accumulations from the Provident Fund Trust. In such cases, TDS may get deducted, even if membership has lasted more than 5 years since previous service dates will get updated only when the member's past provident fund accumulations are transferred from the Provident Fund Trust.

30. I have two UAN account numbers from my prior employers, and now the self-managed PF trust will be moving to EPFO. How can I link my previous account with the current UAN number as registered with Tata Technologies?

Member can raise online PF transfer request to transfer his/her PF Accumulation even if he/she has different UAN subject to basic details of both UAN are matching. Your previous member ID (OLD EPF Account) would henceforth be linked to your new UAN. There is no separate procedure to merge or deactivate UAN.

FAQs on UAN Activation and KYC

1. What is the URL of the UAN Member Portal?

The URL of the UAN Member Portal is: <https://unifiedportalmem.epfindia.gov.in/memberinterface/>

2. How can I access my details through the portal?

Members need to visit the UAN based Member Portal website i.e. <https://unifiedportalmem.epfindia.gov.in/memberinterface/>. Initially, the member will have to activate their UAN by selecting the 'Activate your UAN' link on the UAN Member Portal. Member should have UAN, Mobile and Member ID readily available to activate his/her UAN on the UAN Member Portal.

3. How do I activate my UAN?

Members can activate their UAN by visiting the UAN based Member Portal website i.e. <https://unifiedportalmem.epfindia.gov.in/memberinterface/>. They should have their UAN, Mobile and Member ID readily available to activate his/her UAN on the UAN Member Portal. Once activated, the member can login to the UAN Member Portal by using their own UAN as the user ID and password.

4. What are the facilities given to members through UAN-driven Member Portal?

The UAN-driven Member Portal presently facilitates the following to members: - Download Passbook - Download UAN Card - List Previous Member IDs - Enter KYC Details - Check eligibility for online transfer claim - Edit personal details. More services are likely to be added in the future.

5. Can I view/download my passbook?

Yes. You need to login to the UAN Member Portal with your UAN and password. Then go to the menu 'Download' and select 'Download Passbook'. There is a link given to download PDF of this passbook also.

6. What is KYC?

KYC (Know Your Customer) is member's data updation to improve the services of EPFO for members. These KYC details include PAN, Aadhaar and Bank Account details. If you have not yet updated these details on the EPFO Member Portal, you may do it now.

7. What are the benefits of KYC?

Claims can be submitted through online mode without attestation of the employer. A member can view their monthly contribution statement by logging on to the UAN portal.

8. Can I update KYCs through the UAN Member Portal?

Yes, it can be done by going to the 'Profile' menu and selecting 'Update KYC Information' in the UAN Member Portal. The uploaded KYC document by the member has to be digitally approved by the employer. Until then, the status of KYC will be shown as 'Pending'.

9. How do I know that the KYC uploaded by me has been approved by the employer?

The approval status will be shown against the uploaded KYC document on the same page.

10. What benefits will I get for completing the KYC process?

Members with KYC completed will enjoy the following benefits:

- Smooth transfer of Service
- Smooth withdrawal of PF Amount
- Transparency in their accounts
- Members who have activated their account would get a monthly SMS intimation of their monthly PF

11. How will carry out the KYC activity be carried out and who will do it?

By Member: Member can update the KYC details through the UAN portal.

The Status of KYC initially will be marked as Pending and once approved by the Employer through a Digital Signature, the status will be shown as Verified.

By Employer: Employer can upload the KYC through a bulk text file and can subsequently approve through a Digital Signature only.

12. Personal details are not correct in my UAN Card. How do I correct these details?

Members should submit the UAN correction form along with proof of document(s). The Employer will certify and submit information to the concerned Field Office. The UAN Card is dynamic and shall get updated automatically.