

# Provident Fund Compliance Checklist 2025-26

## 1. Understanding Provident Fund (PF)

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- ✓ Verify PF as a mandatory retirement savings scheme under the 1952 Act.
- ✓ Confirm PF provides retirement security, tax benefits, and emergency withdrawals.
- ✓ Ensure PF compliance enhances employee retention and regulatory standing.

## 2. Types of PF Schemes

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- ✓ Identify Employees' Provident Fund (EPF) for 20+ employee organizations.
- ✓ Recognize Public Provident Fund (PPF) for voluntary, tax-free savings.
- ✓ Note Statutory Provident Fund (SPF) for government employees.
- ✓ Understand Unrecognised Provident Fund (URPF) for private firms.

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## PF Eligibility and Contributions

### 3. PF Eligibility and Coverage

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- ✓ Confirm eligibility for employees with basic salary + DA  $\leq$  ₹15,000.
- ✓ Ensure coverage for organizations with 20+ employees.
- ✓ Check voluntary coverage for smaller firms to attract talent.
- ✓ Verify PF eligibility for international workers with repatriation provisions.

### 4. PF Contribution Rules

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- ✓ Ensure 12% employee and employer contribution on basic salary + DA.
- ✓ Verify employer contribution split: 8.33% to EPS, 3.67% to EPF.
- ✓ Include 0.5% + 0.01% for admin charges and EDLI.
- ✓ Allow Voluntary Provident Fund (VPF) for higher employee contributions.

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## PF Withdrawals and Pension

### 5. PF Withdrawal Process

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- ✓ Allow full withdrawal for retirement, unemployment (2+ months), or disability.
- ✓ Submit Form 19 online for full withdrawal; process within 7-15 days.
- ✓ Permit partial withdrawals for medical, housing, education, or marriage.
- ✓ Collect documents: PAN, Aadhaar, bank details, Form 15G (if applicable).

### 6. EPF Pension Scheme

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- ✓ Ensure 10 years of service for pension eligibility.
- ✓ Calculate pension:  $(\text{Pensionable Service} \times \text{Average Salary}) \div 70$ .
- ✓ Offer monthly pension at 58, reduced pension at 50, or family pension.

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## PF Transfers and Employer Compliance

### 7. PF Transfer Process

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- ✓ Facilitate online PF transfer via EPFO portal within 30 days.
- ✓ Support offline transfer with Form 13 (45-60 days processing).
- ✓ Ensure UAN linkage with Aadhaar and bank for seamless transfers.

### 8. Employer Responsibilities

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- ✓ Obtain EPF code within 30 days of liability.
- ✓ Register all eligible employees and deposit PF within 15 days.
- ✓ Maintain accurate wage records and file annual returns.
- ✓ Avoid penalties (12% interest) with timely compliance.

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## PF Interest Rates and Special Cases

### 9. EPF Interest Rates

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- ✓ Apply 8.15% interest rate for 2024-25, compounded annually.
- ✓ Calculate interest on monthly lowest balance (5th to last day).
- ✓ Monitor annual rate updates by EPFO's Central Board.

### 10. PF for Contract and Gig Workers

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- ✓ Ensure PF for contract employees (240+ days, 20+ employees).
- ✓ Coordinate with staffing agencies for contract staff compliance.
- ✓ Stay updated on gig worker social security provisions.

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## Tax Benefits and Compliance Issues

### 11. Tax Benefits

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- ✓ Deduct employee PF contributions up to ₹1.5 lakh under Section 80C.
- ✓ Ensure tax-free interest and withdrawals after 5 years of service.
- ✓ Allow employer contributions as deductible business expenses.

### 12. Common Compliance Issues

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- ✓ Prevent delayed deposits with automated payroll systems.
- ✓ Conduct regular audits to avoid incorrect employee coverage.
- ✓ Maintain digital records to reduce documentation errors.
- ✓ Proactively manage PF transfers to avoid delays.

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## PF ROI and Success Case

### 13. ROI for PF Investment

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- ✓ Use formula:  $A = P \times [((1 + r)^n - 1) / r] \times (1 + r)$ .
- ✓ Calculate based on 8.15% interest, e.g., ₹6,000 monthly yields ₹81,25,000 in 30 years.
- ✓ Educate employees on compound interest benefits.

### 14. Case Study: PF Implementation

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- ✓ Conduct payroll audits to identify compliance gaps.
- ✓ Integrate automated PF calculation systems.
- ✓ Provide employee PF awareness training.
- ✓ Partner with payroll specialists for efficiency.

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