

EPF contributions to revert to old levels from next month

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- The government had cut the mandatory contribution to EPF by a total of 4% for three months.
- From August, the old rate of EPF deduction will apply.

NEW DELHI: As part of relief measures announced by the government for both employers and employees during the Covid pandemic, Employee's Provident Fund (EPF) contribution was cut by 4% for the three months of May, June and July. So from August, your employer will revert to the old deduction rates.

Earlier in May, finance minister Nirmala Sitharaman had reduced EPF contribution by 4% for three months. As a result, employees of around 6.5 lakh companies benefited with liquidity of around Rs.2, 250 crore every month.

According to the rule, employees and employers deposit 24% -12% each of basic salary and dearness allowance (DA)-as EPF deductions every month for the retirement kitty maintained by the Employees' Provident Fund Organisation (EPFO).

The statutory deduction was cut by a total of 4% (2% of employer's contribution and 2% of employee's contribution).

In-hand salaries also went up by a sum equivalent to 4% of the basic and DA. In case of employees of central public sector enterprises and state PSUs, 12% of the employers share was paid whereas employees paid 10%.

From next month, the deductions will revert to old levels.

While making the announcement, the labour ministry had said employees, if they want, can contribute more than 10% of basic wages to their provident fund (PF) for the next three months, but employers don't need to match the higher contribution.