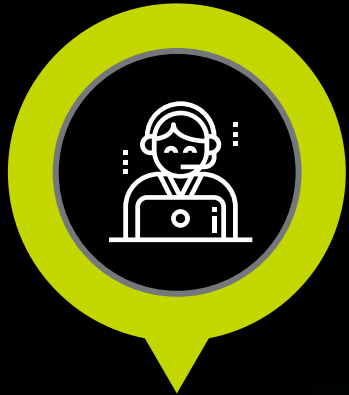


Digitised joint request under provident fund Applicability and implications

Agenda



Background and recent change



Para 26(6):

Allows employees to file a joint request for contributing to Provident Fund (PF) on salary greater than ceiling limit (i.e. INR 15,000)

Form:

In the absence of a prescribed form and an enabling process, this was not being diligently practiced.

Recent changes:

- A digital joint request form introduced.
- Mandate for new members (excluding IWs) to submit the joint request for contributing on higher wages.
- Members who have left employment or died as of 31 October 2023 – deemed compliant.
- No action required by existing members for now.
- The joint request form is not yet active on the PF portal.

Impact:

What's significant about this change and its impact?

Current industry practice



- Don't opt (New member)
or
- To contribute on wage ceiling (INR 15,000)
or
- To contribute on basic salary

- Don't opt (New member)
or
- To contribute on basic salary

- To contribute on basic salary
or
- To contribute on wage ceiling (INR 15,000)

- To opt out from PF (New member)
or
- To contribute on wage ceiling (INR 15,000)

- To contribute on basic salary

- To contribute on wage ceiling (INR 15,000)

Polling question 1



Does your organisation provide flexibility to employees regarding PF contributions?

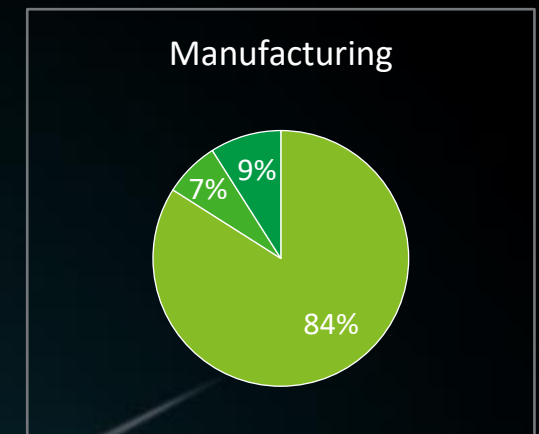
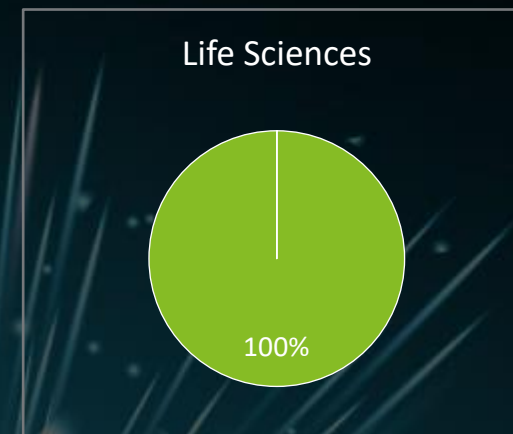
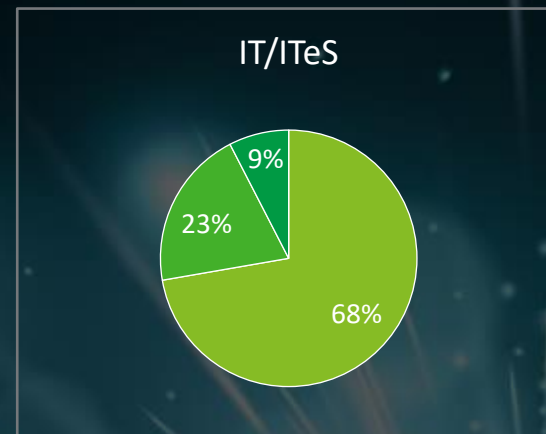
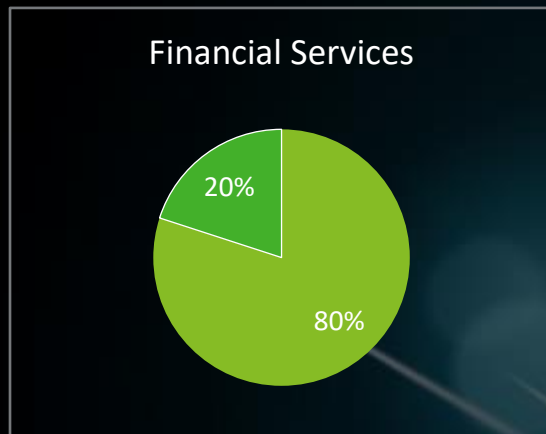
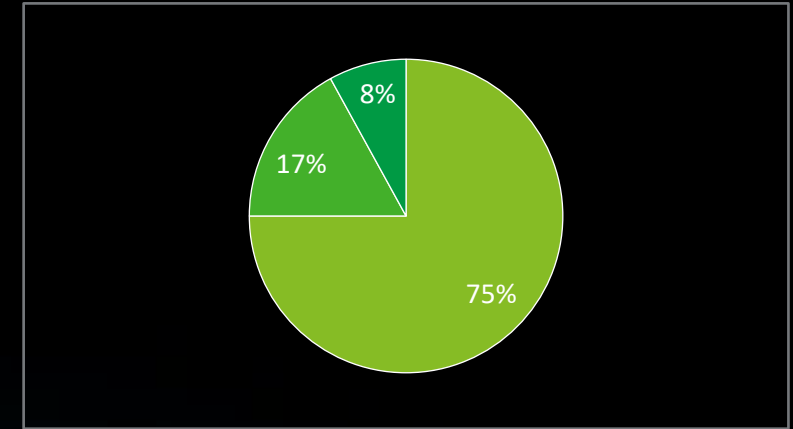
- Yes, option to contribute on wage ceiling or actual basic, new members can choose not to opt in
- No flexibility, contributions capped on wage ceiling of INR 15,000
- No flexibility, contribution to be made on basic salary
- Not sure



Wider industry practice

As per Deloitte - 2023 Benefits Value Proposition and Trends survey in which close to 200 organisations participated

- **75%** of organisations pay provident fund as a percentage of the full applicable salary
- **17%** of organisations pay provident fund on the applicable salary or INR 15000 whichever is lower
- **8%** of organisations pay provident fund based on the option selected by the employee



Salary structures

Salary structure offered by organisations



Fixed CTC including Employer Provident Fund contribution



Fixed CTC Plus Employer contribution to PF

Illustration

Amounts in INR

Particulars	Fixed CTC including employer contribution to PF	Employer contribution to PF over and above fixed CTC
Basic Salary	600,000	566,038
HRA	240,000	226,415
Employer contribution to PF	72,000	-
Special Allowance	288,000	339,623
Fixed CTC	1,200,000	1,132,075
Add: Employer contribution to PF	-	67,925
Total	1,200,000	1,200,000

Polling question 2



Does your fixed compensation include employer contribution to PF or is it over and above?

- Yes, part of fixed compensation
- No, over and above fixed compensation
- Not sure



What next?





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