Deloitte.

Tax alert: Central Government notifies the new PF, EPS and EDLI Schemes under the Labour Codes

6 July 2026

The Central Government has notified the Employees' Provident Funds Scheme, 2026 ('PF Scheme')[1], Employees' Pension Scheme, 2026 ('Pension Scheme')[2], and Employees' Deposit-Linked Insurance Scheme, 2026 ('EDLI Scheme')[3] under Chapter III of the Code on Social Security, 2020 ('COSS'), effective through publication in the Official Gazette on 29 June 2026, replacing the earlier corresponding schemes. Employees' Enrolment Campaign, 2026[4] ('EEC'), Vishwas 2026[5] and Amnesty, 2026[6] form part of the PF Scheme and are notified in the Annexure thereto with an intent to provide opportunity to establishments to regularize prior compliance and settle ongoing disputes.

In a nutshell

New PF, EPS and EDLI schemes

- **Three schemes, one shift:** PF, Pension and EDLI Schemes 2026 supersede the 1952/1995/1976 schemes; contribution base moves from Pay to Wages, with the statutory wage limit and contribution rates now separately notifiable by Government.
- **Easier in, harder out:** Partial PF withdrawals are significantly liberalised, but full withdrawal after leaving service now needs a 12-month wait (up from 2 months), and EPS withdrawal benefit is similarly gated at 36 months.

Exempted trusts - Tighter Compliance and tracking: Trusts exempted under the repealed 1952 Act must refile for continuation under within 2 years of 8 May 2026 (against fresh eligibility norms prescribed under Social Security Code (Central) Rules, 2026); also, interest rate capped at EPFO rate + 200 bps, and one-month transfer of inoperative/non-KYC balances to the EPFO.

Three transition windows/ schemes running in parallel: EEC 2026 (enroll left-out employees, till 31 October 2026), Vishwas 2026 (settle pending EPF damages disputes for pre-14 June 2024 defaults), and Amnesty Scheme 2026 (retrospective regularisation for income-tax-recognised PF trusts) form part of the PF Scheme, 2026.

Action for employers: Reassess wage/ contribution structures and PF trust governance, and evaluate eligibility for the EEC, Vishwas and Amnesty windows before they lapse.

---

[1]G.S.R. 525(E) dated 29 June 2026 [F. No. S-35025/04/2026-SS-II]

[2]G.S.R. 527(E) dated 29 June 2026 [F. No. S-35025/25/2026-SS-II]

[3]G.S.R. 526(E) dated 29 June 2026 (F. No. S-35026/06/2026-SS-II)

[4]G.S.R. 525(E) dated 29 June 2026 [F. No. S-35025/04/2026-SS-II]

[5]G.S.R. 525(E) dated 29 June 2026 [F. No. S-35025/04/2026-SS-II]

[6]G.S.R. 525(E) dated 29 June 2026 [F. No. S-35025/04/2026-SS-II]

Key highlights of the PF, EPS and EDLI schemes

- **Statutory wage limit:**

  Earlier, revising the statutory wage limit for PF membership eligibility (for Indian nationals) required an amendment to the EPF Scheme itself. Under the COSS, the Central Government can now revise this wage limit simply by way of a notification, giving it the flexibility to reset it as needed from time to time. The wage limit has, for now, been separately notified at INR 15,000 p.m. which is unchanged from the level under the repealed EPF Act and Schemes.

- **Contributions:**

  Base amount: In line with the overall intent of the COSS, the base to compute contributions now moves to Wages, as compared to Pay under PF, EPS and EDLI schemes.

  Contribution rates: Flexibility is introduced to easily reset the contribution rates by allowing the Government to notify the same under PF, EPS and EDLI schemes.

  Statutory and additional voluntary contributions: The statutory PF contributions by employer and employee are now expressly set to be made at the statutory wage limit, and further contributions by employee and employer can be made voluntarily by submitting a one-time joint request in writing.

  Additional voluntary contributions: Key points in relation to such contributions are:

  – Employees' additional voluntary contributions cannot exceed wages after the permissible deductions as called out under the Code on Wages, 2019.

  – Employers may, but are not required to, make matching voluntary contributions.

  – Employers continue to be liable to pay administrative charges on wages in respect of which additional voluntary contributions are made.

  – The employee as well as the employer are allowed to opt, reduce or stop such additional voluntary contributions at any time.

- **Withdrawals:**

  Partial PF withdrawals simplified: Partial withdrawal provisions under PF scheme have been significantly simplified:

  – Entire PF account balance (employer and employee contributions plus interest) now eligible for partial withdrawal, subject to 25% of total contributions retained as minimum balance.

  – Relaxed pre-requisites by way of reduced membership duration for partial PF withdrawals, simplification and re-categorisation in the purpose of withdrawals, increased number of partial withdrawals permitted.

  Eligible purposes for partial withdrawal & limits:

  – Illness of self/ family – allowed after 12 months of membership. No limit on number of withdrawals.

  – Education of self/ family – allowed after 12 months of membership. Withdrawals are allowed 10 times.

  – Marriage of self/ family – allowed after 12 months of membership. Withdrawals are allowed 5 times.

  – Housing related requirements – allowed after 12 months of membership. Withdrawals are allowed 5 times.

Premium for new Life insurance policies: Premium for new life insurance policies can no longer be financed directly from PF account, while earlier policies can continue to be directly financed from PF account.

Increased waiting period for full PF withdrawal: The waiting period for claiming PF withdrawal after leaving employment has been extended from 2 months to 12 months, requiring members to remain unemployed for one year before becoming eligible to withdraw their PF accumulations.

Additional interest on PF withdrawals: Interest on refund claims will accrue up to the date of payment authorization. Presently, interest for current month is payable only if payment was authorized on or after 25th.

Waiting period for EPS withdrawal: Employees exiting service before attaining superannuation age and prior to being eligible for monthly member's pension will now be eligible for withdrawal benefit only after 36 months from last contribution date or attaining superannuation age, whichever is earlier.

- **International Workers ('IW'):**

  Simplification: The revised scheme simplifies the existing IW provisions while continuing the requirement for mandatory coverage, contributions on Wage and restricting withdrawal to 58 years, unless covered by an SSA.

  Indian nationals going to UK: An enabling provision allowing Indian nationals to avail detachment benefit under the upcoming India-UK bilateral Social Security Agreement has been introduced. In this regard, both the employee and employer are required to contribute on the total wages. It remains to be seen if a separate clarification is issued to allow such contributions in India (for outbounds going to UK) at the statutory wage limit.

  Inoperative account provisions: Under the revised scheme, PF accounts of foreign nationals from non-SSA countries may potentially be classified as 'inoperative' after 36 months migrating abroad after completing their Indian stint, even though withdrawal is restricted before 58 years. It remains to be seen if this is restored and such IWs continue to earn interest till withdrawal.

  Waiting period for EPS withdrawal: IWs exiting before attaining superannuation age and prior to being eligible for monthly member's pension will now be eligible for withdrawal benefit only after 36 months from last contribution date or attaining superannuation age, whichever is earlier.

- **Principal employer and contractor obligations:**

  Joint and several liability: Principal employer and contractor remain jointly and severally liable for payment of contributions and administrative charges in relation to the contractual employees.

- **Exempt PF trusts:** Exempt PF trusts are now subject to tighter regulatory supervision, and compliances:

  First exemption renewal in 2 years: Existing exempted establishments (i.e. PF Trusts) under the repealed 1952 Act/ erstwhile PF Scheme do not get automatic continuation, they are required to apply afresh for continuation of exemption within two years from the date of notification of the Social Security (Central) Rules, 2026 (i.e., by 7 May 2028), against the eligibility conditions prescribed under the COSS Rules (i.e. 500-employee floor, INR 50 crore corpus, and a three-year clean compliance history). Failure to refile in time exposes the trust to lapse of exempted status and transition to an un-exempted establishment...

  Validity and renewal: Exemptions to PF trusts will remain valid for three years and may be renewed upon application made at least six months before expiry, subject to continued compliance and maintenance of a positive net worth during the preceding three financial years.

Rate of interest for members: While exempted trusts must continue to declare an interest rate that is not lower than the rate notified by the EPFO, such interest cannot be more than 200 basis points above the EPFO rate.

Inoperative and non-KYC account balances: Trustees are now required to transfer balances, together with accrued interest, lying in both inoperative and non-KYC accounts to the EPFO within one month.

Minutes of Board meetings: Signed minutes of all Board meetings to be submitted to the RPFC in Form-III, to be signed by the Chairman of the Board of Trustees, or Director, Manager, CEO, CFO or CS of the employer.

Employer representative on Board of Trustees: Such individual should now be a managerial employee.

Mandatory damages for late payment of contributions: The PF Scheme expressly incorporates a provision for levy of damages, in addition to interest, in cases of delayed transfer of PF contributions by exempted establishments.

Emphasis on digital administration: Exempted establishments are now required to implement several technology-driven practices for members, such as providing electronic access to trust rules, online viewing of provident fund balances, online claim settlement, online partial withdrawal facilities, and online transfer facilities. The Scheme also shortens the timeline for issuance of annual PF account statements from six months to two months after the end of the financial year.

Annual loss indemnification: Employers are now required to make good losses arising due to fraud, defalcation or improper investment decisions, etc. within two months from the date of loss or the end of the relevant financial year, whichever is earlier.

Cancellation of exemption: Cancellation of exemption continues to be a measure of last resort to be invoked only where the deficiencies identified are not rectified within the period allowed in the improvement notice. Declaration of lower interest rate lower and failure to settle claims within the prescribed timelines listed as specific grounds that may result in cancellation.

Transfer of securities on surrender of exemption: Any securities can no longer be transferred to the RPFC without obtaining prior approval of the Central Government. Presently, Central Government/ State Government securities and Government-backed securities are allowed to be transferred.

- **Other changes:**

Damages: Damages under PF Scheme have been rationalised from flat 1% per month to the below graded manner:

Period of default	Rates of damages (% of arrear per month)
Less than 2 months	0.25 %
Between 2 to 4 months	0.50 %
More than 4 months	1 %

– Provisions relating to terms and conditions for reduction or waiver of damages are deleted, as they are now governed by Section 128 of the COSS.

Time limit introduced for launching and concluding enquiries: Existing disputes relating to membership required to be concluded within two years from commencement of the new Scheme. Further, a limitation period has been introduced so that no fresh proceedings shall be initiated after five years from the date on which the dispute arises.

Preventing mis-use of benefits: Where authorities are satisfied that an establishment or person has misused benefits under the scheme, they may deprive such establishment or person of such benefits as they deem appropriate, subject to giving an opportunity of being heard.

Late fee introduced: A late fee of INR 500 per day has been prescribed for delay in filing returns under the Schemes.

No separate special provisions for Cine-workers and newspaper employees: Special provisions dealing with cine-workers and newspaper employers have now been done away with, bringing them at par with other employees.

Key highlights of the Employees Enrolment Campaign (EEC) 2026:

- **Extension of ongoing EEC 2025**:
  - EEC 2026 provides employers (both existing or new) a further opportunity to voluntarily declare and enroll left-out eligible employees under the PF net.
  - The campaign covers the period from 01 April 2009 to 31 March 2026.
  - EEC will cease with effect from 31 October 2026.
  - Eligible employers can declare any employee engaged by them who was left out of EPF coverage during the eligibility period, provided such employee is alive and continues to be engaged with the establishment as on the date of declaration.
  - Any new employee joining after 1 September 2014 is ineligible, if his salary exceeds the wage ceiling.
  - Employer is required to pay employer contributions under EEC to enroll the eligible employees. Employees' contributions are not required to be paid, unless recovered by employer in the past.
  - Employer will need to pay nominal damages of INR 100 to secure compliance, in addition the applicable interest and administrative charges on the past contributions.
  - Employers must mandatory generate Face Authentication-based UAN through UMANG App for each declared employee and remit contributions using Electronic Challan-cum-Return (ECR).
  - Employers will be required to pay employees' contributions also, in case there are pending inquiries against such employer under the erstwhile EPF and EPS schemes.

Key Highlights of the Vishwas 2026

- Vishwas, 2026 is intended to facilitate settlement of long-pending disputes relating to EPF damages and regularize historical defaults through a simplified mechanism.
- It applies only to damages arising from delayed PF contributions for the periods prior to 14 June 2024.
- Viswas, 2026 will remain operational for six months from date of notification, with a possible extension of up to six months.
- It applies to a broad range of cases, including:
  - matters pending before judicial forums;
  - cases where damages have been determined but are under dispute and remain unpaid;
  - cases where notices have been issued but final orders are pending; and
  - cases where proceedings have been initiated but orders have not yet been passed.
- It cannot be availed where the entire damages amount has already been paid.

- Under Viswas, 2026 , the rate of damages payable are as follows, irrespective of the rate of damages otherwise applicable at the relevant time of default in the past:

Period of default	Rates of damages (% of arrear per month) under Vishwas Scheme
Less than 2 months	0.25 %
Between 2 to 4 months	0.50 %
More than 4 months	1 %

  – Employer can avail this scheme, if the applicable interest has been fully paid and employer files a declaration that no further appeal will be filed on the relevant dispute.

Key Highlights of the Amnesty, 2026

- **Focus on income-tax approved PF trusts:** Amnesty, 2026 is focused to allow regularisation of private PF trusts who had received recognition under the Income-tax Act 1961, but do not have formal notification of exemption of Appropriate Government under the repealed PF Act or COSS.
- **Key features:**
  – It shall remain valid for 6 months from date of notification, with a possible extension of up to six months.
  – Exempted establishment applying under this provision shall be granted exemption on a retrospective basis under the earlier PF and/ or EPS schemes.
- **Categories of establishments eligible for Amnesty, 2026:**
  – Category I: Establishments seeking retrospective regularization, and have already started compliance or intending to transition to an un-exempted establishment.
  – Category II: Establishments seeking retrospective regularization, while continuing as an exempted establishment under the Code
- **Relaxations available for Category I establishments:**
  – retrospective recognition of the PF Trust;
  – waiver of the minimum employee and corpus requirements ordinarily applicable for exemption;
  – waiver of the requirement to demonstrate the prior compliance of 3 years before exemption;
  – transfer of eligible pension balances to the EPS in applicable employee cases;
  – no proceedings for assessment of dues, damages or interest for past period, if contribution, and interest rates credited to member accounts are at par or better than statutory rates – this relaxation does not apply for any left-out employees or delay in transfer of Funds to EPFO;
  – if any such proceedings had been initiated but not completed, the same will stand withdrawn and abated;
  – if any such proceedings are completed and orders issued, such orders shall be held *void ab initio* and amounts paid will be allowed to be adjusted against future dues.
- **Surcharge for investment violation:** Surcharge applicable for violation or deviation from the pattern of investment specified by the Government shall remain applicable since the inception till compliance under the Scheme.
- **Responsibilities of establishments availing the Amnesty, 2026:**
  – To make application in the prescribed form;

- To provide list of continuing actively contributing employees as well as exited employees who have not settled their account, along with details of accumulations;
- To bear any liability for period prior to the cut-off date, arising from any dispute related to service and benefits by employees;
- To get the accounts of the Trust including individual members' ledger accounts audited by a Chartered Accountant as on the cut-off date;
- To provide details of investments and further transactions till cut-off date, and allow verification by Commissioner appointed external experts or expert agencies;
- To make good any losses that may have arisen on sale or purchase of securities by Trust and pay Surcharge/ penalty for deviation from investment pattern;
- To assist in Compliance audit and Special audit directed by PF authorities, and bear any liability arising from shortcomings or irregularities noted in such audits;
- To render full cooperation and assistance to PF authorities by producing all demanded records of Trust and establishment;
- To update the KYC requirements of all the members participating in the Trust.

- **Validation by EPFO:**
  - The EPFO will accept the application from establishment, complete the Compliance audit and Special Audit within 6 months;
  - EPFO to communicate shortcomings and dues (including surcharge and penalties) payable to establishment in a time bound basis;
  - EPFO to issue public notice of intention of establishment to comply as Unexempted establishment and regularization of past exemption status;
  - EPFO to ensure smooth transfer of funds from cut-off date from the Trust, and credit of balances to individual member accounts.
- **Final order in 6 months:** The Appropriate Government shall issue final order regarding admissibility of Amnesty 2026 within 6 months of receipt of complete application.

Suggested action points and compliance requirements for employers

- **Payroll and contribution base:** Rework payroll/ HRMS logic to compute PF, EPS and EDLI contributions on "Wages" (Section 2(88) of the Code) rather than "Pay", and align systems to the separately notified statutory wage ceiling and any future changes notified by the Government.
- **Refiling for exempted trusts:** Establishments holding exemption under the repealed EPF Act, 1952 should benchmark their trust against the eligibility conditions called out under the Social Security Code (Central) Rules, 2026 - (i.e. 500-employee floor, INR 50 crore corpus, three-year clean compliance) and file the fresh continuation application under well ahead of the 7 May 2028 deadline, to avoid disruption from a lapsed exemption.
- **Trust governance clean-up:** Review Board of Trustees composition to ensure the employer representative is a managerial employee, trust to file returns in electronic Form II, formalise the process for submitting signed Board minutes to the RPFC in Form-III, and benchmark the trust's declared interest rate to ensure it is never lower than, and not more than 200 bps above, the EPFO notified rate.
- **Inoperative/ non-KYC accounts:** Undertake a one-time sweep of inoperative and non-KYC accounts in the trust and transfer such balances, with accrued interest, to the EPFO within the one-month timeline

prescribed.

- **Digital administration readiness:** Enable electronic access to trust rules, online balance viewing, online claim settlement, online partial withdrawal and online transfer facilities for members, and align annual PF statement issuance to the shortened two-month timeline.
- **Employee communication and exit process:** Update employee communication, F&F and exit checklists to reflect the extended 12-month waiting period for full PF withdrawal, the 36-month gating for EPS withdrawal benefit, and the revised (liberalised) partial withdrawal framework.
- **Principal employer/ contractor compliance:** Set up processes to obtain contractor declarations (Form X), monthly contractor intimations (Form XI, within 10 days) and monthly principal employer abstracts (Form XII, within 20 days) and prepare for onboarding to the EPFO's dedicated online portal.
- **Statutory filings and compliance calendar:** File the consolidated return in Form V within 15 days of the schemes becoming applicable to the establishment and build the revised INR 500/day late fee for delayed returns into the compliance monitoring calendar.
- **Evaluate the transition schemes:** Assess and act on EEC 2026 (regularise left-out employees before 31 October 2026), Vishwas 2026 (settle pending EPF damages disputes for pre-14 June 2024 defaults) and Amnesty 2026 (income-tax recognised but PF-unexempted trusts to evaluate retrospective regularisation), within their respective application windows.
- **International workers:** Revisit IW contribution computation (including expatriate wage components) and assess the India-UK SSA detachment provision for outbound Indian nationals.
- **Other compliance obligations:** Employers now have an express obligation relating to UAN facilitation, e-Passbook access support, and electronic linkage of transferred employees. It also strengthens ownership disclosure by mandating display extract of ownership return on the website.

Deloitte comments

The newly notified social security schemes (PF, EPS and EDLI) are largely aligned with the policy objective of creating a more streamlined and digital compliance ecosystem. The emphasis in these schemes on PF account portability, online service delivery, simplified procedures, and easier access to provident fund accumulations is a welcome step that enhances convenience and flexibility for members.

Further, the intent of the authorities is clearly to encourage voluntary compliance and reduce litigation through the introduction of enrolment, regularization and other amnesty-based special schemes. These measures reflect a focused approach towards resolving legacy non-compliance issues while advancing the broader objective of improving the ease of doing business and expanding social security coverage.

By extending the Employees' Enrolment Campaign 2026, Government has provided another chance to the employers to regularize any past omissions to extend social security benefits to employees. Employers should utilise this window to identify historical coverage gaps, take advantage of the financial relief offered and strengthen their compliance framework going forward. For organisations with legacy non-compliance, early participation could substantially reduce financial exposure, minimise litigation risk and improve long-term regulatory compliance.

Similarly, the Vishwas, 2026 is aimed at employers who are already facing or are likely to face proceedings for damages. Interestingly, this Scheme allows coverage of disputes at multiple stages, from notices that have not yet culminated in final orders to matters pending before appellate authorities or courts. Employers in this situation should assess their exposure and actively explore to take advantage of the reduced damages, even though the statutory requirement to pay interest continues.

Amnesty, 2026 is a paradigm-shifting opportunity for exempted establishments operating under the income-tax recognized status, to retrospectively regularize their exemption status from a PF standpoint. Employers are advised to conduct a thorough legal and compliance review of their PF Trusts before applying, as this special provision offers relief for procedural lapses, while continuing to hold employers accountable for substantive violations affecting employees' statutory benefits. The scheme also allows the employer to choose whether to continue as an Exempted establishment or move over completely to the EPFO as an Unexempted establishment.