**FAQs EPF**

1. **Which establishment or company eligible for this scheme?**

This scheme applies to all companies or establishment, which employs 20 or more than that. Do remember that once the employees’ strength reaches to 20 or more then irrespective of employee strength (whether fall or rise) the company must continue with this scheme.  However, suppose company or establishment stopped its operation or continue without any employee then in that case this scheme not applicable. In addition, employee if considered as trainee or apprentice will not be covered under this act.

1. **Which employees are excluded from this scheme?**

An employee who was a member of this scheme and withdrawn all amounts of his contribution based on either retirement from service after attaining age of 55 years or who migrating abroad for permanent settlement.

An employee whose salary (BASIC+DA) at the time of entry into scheme more than Rs.15, 000.If a member is considered as an apprentice then he will not come under EPF.

1. **What do you mean by salary for this purpose?**

Salary for this purpose is only BASIC+DA. Also remember that if your salary at the time of entry is Rs.15, 000 or less than that, but after a few years or a month if your salary revised then raised to more than Rs.15, 000, then in that case too member must continue with this scheme. So for example, this month your salary is Rs.14, 000 and you are a member of this scheme. But in March 2015 your salary revised and crossed the limit of Rs.15, 000 then too you need to continue with this scheme.

Only employees who are eligible to stay away from this scheme are those whose salary are more than Rs.15, 000 at the entry of employment.

1. **What is the contribution percentage of employer and employee?**

The Employee contributes 12% of his /her Basic Salary & the same amount is contributed by the Employer.

1. **Is it Compulsory for the all the employees to contribute to the Provident Fund?**

Employees drawing basic salary up to Rs 6500/-  ([Rs. 15000/- from 01.09.2014](https://taxguru.in/corporate-law/employee-provident-fund-epf-limit-increased-rs-15000-rs-6500-wef-01092014.html)) have to compulsory contribute to the Provident fund and employees drawing above Rs 6501/- ( (Rs. 15001/- from 01.09.2014)) have an option to become member of the Provident Fund .

1. **Whether one can mention nomination?**

Yes, one needs to nominate for EPF. This helps to get the money in case of sudden demise of member. Usually if the member is married, then he should nominate to spouse or kids. If he is unmarried then he can nominate his parents. Brothers or sisters are not allowed for nomination. However, one can mention multiple nominations and must disclose the percentage of sharing. In addition, if member doesn’t have any family members then he can nominate anyone of his choice. Do remember that once the member acquires a family, then such nomination will become void.

1. **What about arrears if one receives due to salary revision?**

Salary revision is considered a normal hike. Therefore, any such arrears payable to the employee are subject to EPF deduction.

1. **Whether an employee contributes more than 12% of his salary?**

Yes, you have the option to contribute more. But the employer has no such obligation to match your contribution. Such contribution is called Voluntary Provident Fund (VPF). Interest benefit will be same as that of EPF.

1. **Who is responsible to deposit to EPF Scheme?**

Your employer has whole responsibility to deposit all amounts, which is deducted from the employee as well as an employer contribution.

1. **Do we get any interest on the amount which is deposited in the Provident Fund account?**

Compound interest as declared by the Govt. is given for every year of service.

**FAQs Gratuity**

1. **Who is eligible to receive gratuity benefit?**

After completing five years of continuous service with the same company, you are eligible to receive the gratuity benefit. Gratuity shall be payable to ‘you’ (employee) on the termination of your employment after rendering continuous service for not less than **five years**.

1. **What is continuous service?**

-It is the period of uninterrupted service by employee. However, period of interruption on account of the following shall be part of continuous service:  
 (i) Sickness/Accident/Leave  
 (ii) Absence from duty without leave (not if order treating absence as break in service is issued by employer)  
 (iii) Lay-off/Strike/Lock-out  
 (iv) Cessation of work not due to any fault of employee  
- If employee is not in continuous service for a period of 1 year, he shall be deemed to be in continuous service if during the period of 12 months preceding the date with reference to which the calculation is being made, the employee has worked under the employer for not less than:  
 (i) 190 days (employed in mine or any establishment which works for less than 6 days in a week)  
 (ii) 240 days (in any other case)  
– In case of seasonable establishments if the employee is not in continuous service for 1 year, an employee shall be deemed to be in continuous service if he has worked for not less than 75% of the number of days on which the establishment was in operation during such period

1. **When is Gratuity Amount paid?**

It is payable.

* On Superannuation (or) Retirement.
* On your Resignation (or) Termination.
* On death or Disablement due to accident or disease.
* On Retrenchment (or) Layoff.
* VRS (Voluntary Retirement Scheme).

1. **Is five years continuous service rule applicable to all the above events?**

The condition of five years of continuous service is **not applicable** if employee’s service is terminated due to **death or disablement**. Your nominee or legal heir can receive your gratuity amount (in the event of death of the employee).

1. **Are Temporary staff or Contract workers eligible to receive Gratuity amount?**

Temporary staff, contract workers etc., are all eligible (except ‘**apprentice’**) for the gratuity amount, as long as they are considered as employees of the organization.

1. **What is the limit that is received as a Gratuity Benefit?**

As per the latest update, the Central government has decided to increase the gratuity payment limit from the existing Rs. 10 lakh to Rs. 20 lakhs.

1. **How is Gratuity Benefit Amount Calculated? (For the employees who are covered under Gratuity Act)**

How to calculate my gratuity amount, is also one the frequently asked questions. It is calculated based on simple formula as below;**(This formula is applicable to all the employees who are covered under the Payment of Gratuity Act, 1972.)**

***Gratuity = Last drawn salary \* 15/26 \* No. of completed years of service.***

In the above gratuity calculation formula, **the definition of ‘last drawn salary’** means, it comprises your Basic Salary + DA (Dearness Allowance if any).

How to treat number of months for the purpose of gratuity calculation after completion of 5 years? **Any service which is in excess of 6 months is considered as one year.** *(Six months and above means even 1 day extra after six months, you are eligible for 1 year gratuity. This is applicable only if you have completed 5 years of service) (Also note that service period calculation is not dependent on ‘5 days or 6 days’ in a week work rule.*