1 July 2026

EY PAS Alert

New Employees' Provident Funds Scheme and Amnesty 2026 notified under the Code on Social Security, 2020

EY PAS Alerts cover significant regulatory news, developments and changes in legislation that affect Indian businesses. They act as technical summaries to keep you on top of the latest regulatory issues. For more information, please contact your EY advisor.

Executive summary

The Ministry of Labour and Employment has notified the new Employees' Provident Funds Scheme, 2026 (EPF Scheme, 2026) under the Code on Social Security, 2020, replacing the earlier Employees' Provident Funds Scheme, 1952. The notification dated 29 June 2026 was published in the Official Gazette on 1 July 2026. The Scheme comes into force from the date of publication, i.e., 1 July 2026.

While the new Scheme largely preserves the existing provident fund framework, there are changes that impact contributions, benefits and compliance. The Scheme also has special amnesty provisions to regularize historical compliance gaps and resolve long-pending issues.

This alert summarizes some of the key provisions of the EPF Scheme, 2026, including:

I. Coverage and membership
II. Contributions framework
III. Withdrawal and partial withdrawals
IV. International worker provisions
V. Contract labour and principal employer responsibilities
VI. Provisions for exempted establishments
VII. Compliance requirements for employers
VIII. Notification of three new special schemes - Employees' Enrolment Campaign, 2026, VISHWAS, 2026 and AMNESTY, 2026

Employers may proactively perform compliance assessments to identify operational, payroll and compliance changes required under the new social security regime effective 1 July 2026.

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Background

The Ministry of Labour and Employment notified three social security schemes under the Code on Social Security, 2020 through notifications dated 29 June 2026, published in the Official Gazette on 30 June 2026 and 1 July 2026. The schemes are effective from the date of publication in the Official Gazette:

- Employees' Provident Funds Scheme, 2026 (Published on 1 July 2026)
- Employees' Pension Scheme, 2026 (Published on 30 June 2026)
- Employees' Deposit-Linked Insurance Scheme, 2026 (Published on 30 June 2026)

The EPF Scheme, 2026 has been notified in supersession of the earlier Employees' Provident Funds Scheme, 1952 (EPF Scheme, 1952) and provides the operational framework for provident fund compliance under the Code on Social Security, 2020. Additionally, as part of the EPF Scheme, 2026, the following special schemes have also been notified:

- Employees' Enrolment Campaign, 2026
- VISHWAS, 2026
- AMNESTY, 2026

Key provisions under the EPF Scheme, 2026

I. Coverage and membership

The EPF Scheme, 2026 provides continuity of membership by specifically providing that employees who were members under the EPF Scheme, 1952 shall continue as members under the new Scheme.

An employee whose wages, at the time of becoming eligible for membership, exceed the prescribed wage ceiling under the Code on Social Security, 2020, continues to be treated as an 'excluded employee'. Accordingly, the wage ceiling-based exclusion framework remains unchanged.

II. Contributions

The EPF Scheme, 2026 requires provident fund contributions at 12% of wages from both the employer and employee and specifically provides that where wages exceed the statutory wage ceiling, mandatory contributions will be restricted on the wage ceiling amount.

Employees may, however, opt to make voluntary contributions either on wages exceeding the statutory wage ceiling **or** at a rate higher than the prescribed 12%. Employers also have the option to make matching contributions against such voluntary contributions. A significant feature of the new Scheme is the express provision allowing employees or employers to reduce or discontinue such additional voluntary contributions at any time, thereby providing greater flexibility in structuring retirement savings.

The employer is liable to pay additional administrative charges on such wages, on which voluntary contributions are paid.

III. Withdrawals and partial withdrawals

Withdrawals from the fund are permitted upon occurrence of specified events such as retirement, migration from India for permanent settlement abroad and for taking employment aboard and other prescribed circumstances. Membership generally continues until the member withdraws the amount standing to his or her credit in the Fund.

Members will be able to make partial withdrawals under simplified rules for essential needs such as illness, education and marriage, as well as for housing requirements and other specified special circumstances, subject to prescribed conditions and maintenance of a minimum balance of 25% of aggregate of total contributions to the fund.

IV. International Worker provisions

The EPF Scheme, 2026 retains the concept of mandatory coverage for International Workers employed in covered establishments. It also clarifies that existing International Workers who were members under the EPF Scheme, 1952 will continue as members under the EPF Scheme, 2026.

Special provisions for withdrawals for International Workers continue, with withdrawals generally permitted only on retirement from service after attaining 58 years of age, except where covered under Social Security Agreements.

Unless clarified otherwise, the reading of EPF Scheme, 2026 suggests that the wage ceiling on contributions, as applicable for domestic workers, apply for International Workers as well.

V. Contract labour and principal employer responsibilities

One of the important changes under the EPF Scheme, 2026 is the express introduction of a definition of 'principal employer'. The definition specifically covers an employer with whom employees are engaged by or through a contractor and includes owner/occupier/manager of factory and any person who has ultimate control over affairs of the establishment.

The EPF Scheme, 2026 has also clarified that the principal employer is responsible for making payment of PF contribution for employees engaged by or through a 'contractor' only where contractor is not registered independently. However, even where the PF payment is made by contractor, the ultimate responsibility for contributions remains with the principal employer.

The EPF Scheme, 2026 has also notified additional compliances with respect to contract labour, including filings by principal employer to declare all contractors (Form X) and monthly abstracts of aggregate contributions for contract labour (Form XII).

VI. Provisions for exempted establishments

The EPF Scheme, 2026 has prescribed various provisions for exempted establishments managing Private PF Trusts. An application for exemption for 'class of employees' is now subject to consent of majority employees.

Exemption orders shall now operate for an initial period of three years from the date of publication and an application for extension of exemption is required to be made at least six months before expiry of the exemption.

Establishments with existing Private PF Trusts are required to apply for continuation of exemption, specifying eligibility conditions for grant of exemption within two years from the date of notification of the Code on Social Security (Central) Rules, 2026 (i.e., 8 May 2026).

There are various changes to terms and conditions for Private PF Trusts under the EPF Scheme, 2026 as compared to the erstwhile regime. For instance, the PF Trust shall declare annual rate of interest commensurate with the income earned for the said year, and the same shall not exceed 200 basis points above interest rate declared by the Central Government.

PF Trusts shall transfer cumulative balance in any inoperative account and non-KYC (Know Your Customer) account along with interest to the Employees' Provident Organisation within a month.

Specific provisions for cessation / surrender of exemption have also been incorporated in the EPF Scheme, 2026 allowing establishments to make an application for surrender of exemption, irrespective of whether condition of exemption has been violated or not.

VII. Compliance requirements for employers

The EPF Scheme, 2026 introduces several provisions on compliance requirements/filings to be done by employer, including one-time, monthly and event-based compliances.

Every employer is required to file a consolidated return (in Form V) within 15 days of application of the Scheme giving prescribed details of all employees including their Aadhaar, Permanent Account Number (PAN), Universal Account Number (UAN), gross wages and EPF wages. It remains unclear whether such filing is required by existing covered establishments.

While the monthly compliances pertaining to filing of Electronic Challan cum Returns (ECRs) and International Worker returns continue, separate returns/forms have been prescribed for various other aspects, such as: (a) Return of ownership in Form VI, (b) Details of branches and particulars of person responsible for branch in Form VIII, (c) Details of authorizsed signatories in Form IX.

Employer may authorize not more than five persons from among the employees of the establishment to sign documents and submit returns on behalf of the employer.

Employees are required to provide their Aadhaar, Permanent Account Number, Aadhaar seeded bank account number and Universal Account Number to the employer.

VIII. Three special schemes notified

Along with the EPF Scheme, 2026, the government has also notified three special schemes intended to regularize historical compliance gaps and resolve long-pending issues:

- **Employees' Enrolment Campaign, 2026 -** to promote enrolment of eligible employers and/or employees who may not have been covered under the PF Scheme previously.
- **VISHWAS, 2026 -** to provide reduced rate of damages (1% per month, for default more than 4 months) for ongoing damages litigation cases.
- **AMNESTY, 2026 -** to provide a framework to regularize historical compliance issues for organizations operating income tax–recognized PF Trusts with an option to comply as an unexempted establishment or continue operating Trust as an exempted establishment.

Comments

The EPF Scheme, 2026 represents a transition from the erstwhile EPF Scheme, 1952 to the framework contemplated under the Code on Social Security, 2020.

Employers may note the key changes and undertake a detailed review to assess the operational impact of the new Scheme, effective 1 July 2026, specifically covering the following aspects:

1. Assess specific provisions pertaining to voluntary contributions by employer and employees to evaluate any adjustments required to existing processes
2. Employers engaging contract labour may assess contractor registration status, evaluate principal employer compliances under the revised framework under the EPF Scheme, 2026 and strengthen monitoring mechanisms.
3. Employers operating exempted PF Trusts may undertake a detailed review of the revised exemption conditions, trust governance requirements and timelines for continuation of exemption
4. Review changes to the compliance requirements under the EPF Scheme, 2026 (covering returns, forms and other compliances), to align the existing processes with the compliance requirements
5. Evaluate the benefit of the newly introduced Employees' Enrolment Campaign, VISHWAS, 2026 and AMNESTY, 2026 to regularize historical compliance gaps, address pending disputes and review legacy PF Trust arrangements
6. Employee communication for revised rules relating to mandatory and voluntary contributions and eligibility conditions and limits on partial withdrawals under the EPF Scheme, 2026

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ED None.