

# COVID-19: EPFO allows registered members to claim second PF advance

In March 2020, the government had announced various reliefs under Pradhan Mantri Garib Kalyan Yojana (PMGKY) on account of the COVID-19 pandemic. This allowed employees registered with the Employee Provident Fund Organisation (EPFO) to withdraw a non-refundable amount from their accumulated balance as per specified conditions. Subsequently, frequently asked questions were issued along with the instructions for filing claims.

Due to the ongoing crisis arising out of the second wave of COVID-19 pandemic and 'mucormycosis' or 'black fungus', the EPFO has announced that registered members can now avail a second non-refundable COVID-19 advance.

While the provisions and process for withdrawal of the second COVID-19 advance are same as in the case of first advance, some of the key points are summarised below.

- **Amount of eligible advance:** EPFO members can withdraw a non-refundable amount from their accumulated balance upto lower of the following:
  - 75% of accumulated balance (employee and employer's share) or
  - Three months PF wages (Basic + Dearness Allowance) or
  - Amount claimed by the member which is less than any of the above-mentioned amounts
- **Eligible employees:** Employees working in establishments and factories, who are members of the EPF Scheme, 1952, are eligible to avail this benefit. Employees of exempted establishment (PF Trusts) can also avail this facility.
- **Cases where first COVID advance already availed:** It has been clarified that members who have already availed the first COVID-19 advance can now also opt for a second advance facility.

- **Tax implications:** No tax would be withheld on any advance availed under the EPF Scheme.
- **Process for submitting claim:**
  - Claim can be filed online on the EPFO's website if employee's Universal Account Number (UAN) is validated with Aadhaar and KYC of the bank account and mobile number is seeded in UAN.
  - Employees are required to select '**PF Advance (Form 31)**' and select purpose of advance as '**Outbreak of pandemic (COVID-19)**'.
  - Amount of withdrawal, scanned copy of cheque, address and OTP based on Aadhaar needs to be provided for filing the claim.

COVID-19 advance claims once submitted will be accorded with top priority and processed within three working days of receipt.

## Our comments

EPFO has over the last year provided various reliefs to reduce the financial distress being faced by many employees. Processing of advance claims on priority under auto-mode of settlement of three days instead of the statutory requirement to settle the claims within 20 days is a welcome step.

However, since the facility for advance claims are available online only, most international worker's may not be eligible to avail the same in the absence of Aadhaar. Further, although the EPFO has clarified that no tax withholding will be done on such advances, the amount may be considered taxable in recipient's hands. A clarification from the tax authorities regarding taxability of the withdrawal in the hands of the recipient would be helpful.