

## ***International workers now can receive Indian social security benefits in their overseas bank accounts***

October 30, 2014

### ***In brief***

In October 2012, the Ministry of Labour and Employment amended the Employees' Provident Fund Scheme, 1952 to allow international workers (IW) to receive the accumulated provident fund (PF money) directly into their bank account or through their employer. For further details of this amendment, please refer to our [news alert dated October 19, 2012](#).

In our earlier news alert, we had highlighted the fact that it was unclear whether the said amendment allowed PF money to be credited into the overseas bank accounts of IWs.

Recently, the Employees' Provident Fund Organisation has released an internal circular which lays down the procedures for settlement of such claims.

### ***In detail***

The Employees' Provident Fund Organisation has released an internal circular<sup>1</sup> which lays down the procedures for settlement of claims<sup>2</sup> of IWs. The special provisions currently applicable to IWs provide that due amounts are payable directly into their bank accounts or through their employers. Until now, the PF authorities have been settling such claims into the Indian bank accounts of IWs, because no clear guidelines had been provided for settlement into overseas accounts.

A procedure has now been laid out: in the claim form, an IW can provide details of the overseas bank account in which they wish to receive the PF money; the PF authorities, after completing the necessary formalities and documentation, will then facilitate payment to the overseas account.

### ***The takeaway***

Facilitating the payment of PF money to the overseas bank account of IWs is indeed a welcome step, because this will save IWs the trouble of keeping Indian bank accounts when they leave the country. At present, it appears that this facility will be available only to IWs from social security agreement (SSA) countries. However, the extension of such facilities to IWs from non-SSA countries is to be expected in

cases where they withdraw PF money upon reaching either their retirement or 58 years of age, whichever is later.

Many employers maintain private trusts for extending PF benefits to their employees. It is not clear whether such private trusts can also credit PF money to the overseas bank accounts of IWs. The circular mentioned above was released for internal purposes, and it would be helpful if PF authorities provided clarifications on this matter for the benefit of employers who are covering their employees in private trusts.

<sup>1</sup> [http://epfindia.com/Circulars/Y2014-15/IWU\\_BankingAgree\\_IW\\_19453.pdf](http://epfindia.com/Circulars/Y2014-15/IWU_BankingAgree_IW_19453.pdf)

<sup>2</sup> 'Claims', besides PF money, also includes dues/ benefits payable under Employees' Pension Scheme, 1995 and Employees' Deposit- Linked Insurance Scheme, 1976

## Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

### Tax & Regulatory Services – International Assignment Services

Shyamal Mukherjee, *Gurgaon*  
+91-124 330 6536  
[shyamal.mukherjee@in.pwc.com](mailto:shyamal.mukherjee@in.pwc.com)

Kuldip Kumar, *Gurgaon*  
+91-124 330 6516  
[kuldip.kumar@in.pwc.com](mailto:kuldip.kumar@in.pwc.com)

Shuddhasattwa Ghosh, *Bangalore*  
+91-80 4079 6007  
[shuddhasattwa.ghosh@in.pwc.com](mailto:shuddhasattwa.ghosh@in.pwc.com)

Sundeep Agarwal, *Mumbai*  
+91-22 6689 1670  
[sundeep.agarwal@in.pwc.com](mailto:sundeep.agarwal@in.pwc.com)

**Ahmedabad**  
President Plaza  
1st Floor Plot No 36  
Opp Muktidham Derasar  
Thaltej Cross Road, SG Highway  
Ahmedabad, Gujarat 380054  
+91-79 3091 7000

**Bangalore**  
6th Floor  
Millenia Tower 'D'  
1 & 2, Murphy Road, Ulsoor,  
Bangalore 560 008  
Phone +91-80 4079 7000

**Chennai**  
8th Floor  
Prestige Palladium Bayan  
129-140 Greams Road  
Chennai 600 006  
+91 44 4228 5000

**Hyderabad**  
Plot no. 77/A, 8-2-624/A/1, 4th  
Floor, Road No. 10, Banjara Hills,  
Hyderabad – 500034,  
Andhra Pradesh  
Phone +91-40 44246000

**Kolkata**  
56 & 57, Block DN.  
Ground Floor, A- Wing  
Sector - V, Salt Lake  
Kolkata - 700 091, West Bengal  
+91-033 2357 9101/  
4400 1111

**Mumbai**  
PwC House  
Plot No. 18A,  
Guru Nanak Road (Station Road),  
Bandra (West), Mumbai - 400 050  
+91-22 6689 1000

**Gurgaon**  
Building No. 10, Tower - C  
17th & 18th Floor,  
DLF Cyber City, Gurgaon  
Haryana -122002  
+91-124 330 6000

**Pune**  
7th Floor, Tower A - Wing 1,  
Business Bay, Airport Road,  
Yerwada, Pune – 411 006  
+91-20 4100 4444

**For more information**  
Contact us at  
[pwctr.knowledgemanagement@in.pwc.com](mailto:pwctr.knowledgemanagement@in.pwc.com)

## About PwC

PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in Assurance, Tax and Advisory services.

PwC India refers to the network of PwC firms in India, having offices in: Ahmedabad, Bangalore, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai and Pune. For more information about PwC India's service offerings, please visit [www.pwc.in](http://www.pwc.in).

\*PwC refers to PwC India and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details. Tell us what matters to you and find out more by visiting us at [www.pwc.in](http://www.pwc.in)



For private circulation only

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PwCPL, its members, employees and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it. Without prior permission of PwCPL, this publication may not be quoted in whole or in part or otherwise referred to in any documents.

© 2014 PricewaterhouseCoopers Private Limited. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Private Limited (a limited liability company in India having Corporate Identity Number or CIN : U74140WB1983PTC036093), which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity.