

## Supplementary Note (updated) on India Specific Legislation, Environment and Practices – Pension and Other Retirement Benefits

**To be read with reference to the original note on India Specific Legislation, Environment And Practices – Pension and Other Retirement Benefits by Mr. G N Agarwal – Version 1.07 (August 2010).**

### ***4. EMPLOYEES’ DEPOSIT LINKED INSURANCE SCHEME:***

**4.3 Contributions:** With effect from 1st September, 2014 the new wage limit will be INR 15,000/- for September 14 contributions paid in October 14. Wage limit under EDLI Scheme, 1976 has also increased from INR6,500/- to INR15,000/-p.m.

#### **4.4 Assurance Benefit:**

The following expression shall be added at the end of 4.4

**Or** Average monthly wages drawn (subject to a max.-INR15000/-) during the twelve month preceding the month in which he died, multiplied by twenty times also increase by 20% i.e. to maximum of INR3,60,000/-, **Whichever is higher**

### ***5 EMPLOYEES’ PENSION SCHEME 1995 (EPS’ 95)***

**5.3 Contributions:** With effect from 1st September, 2014 the new wage limit will be INR15,000/-

**5.5 Computation of Pension:** The pensionable salary will be calculated on the basis of average salary of the last 60 months **instead** of 12 months as provided in the EPS-95.

#### **5.9 Family Pension:**

5.9.1: **Monthly Widow Pension** - In case of death of a member while in service, the monthly widow/widower pension will be worked out as if the member had retired on the date of death subject to a minimum pension of ` 450/-. Where death of the member takes place after commencement of pension to the member, the widow/widower pension will be equal to 50% of member’s pension subject to a minimum pension of ` 450/- per month. The widow/widower’s pension is payable till her/his death or remarriage, whichever is earlier----However from the 1st day of September, 2014 the following sub-clause has been incorporated :-

*“16(2)(a) (v) in all the cases, where the monthly widow pension including relief, if any, is less than one thousand rupees per month, the amount of monthly widow pension in such cases shall be enhanced to one thousand rupees per month for the financial year 2014-2015.”;*

5.9.2: **Monthly Children's Pension** - subject to a minimum of INR 250/- pm instead of INR 150/-per month.

## 6. PUBLIC PROVIDENT FUND (PPF):

6.3: For FY 2014-15 maximum will be INR 1,50,000/- instead of INR 100,000/-

6.6: Current interest rate is 8.75% pa

## 8. SUPERANNUATION BENEFITS:

**8.10:** The following words may be added at the end

----however, this is a contentious issue and have been challenged several times in court.

**8.12 (Un-approved Superannuation Fund):** The sentence "In this case employees will get income-tax rebate under Section 80(C) of the Income-tax Act" to be deleted

### Tax on Superannuation funds & various exemptions

Particulars	<u>Approved</u> Superannuation funds	Other Superannuation funds
Employer's Contribution to the Fund	Not Taxable up to INR1,00,000 per annum per employee--- Superannuation (SA) contributions in excess of INR 1 lakh per employee will be subject to fringe benefit tax, vide, Sec17(2) (vii).	Not Taxable
Employee's Contribution to the Fund	Deduction under section 80C available --- the total deduction u/s 80C and 80CCC cannot exceed INR 1.50 Lakh	No Benefit Available