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Tax Flash News



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CBT approves key measures on retirement income, PF withdrawals and exemption framework

Executive summary

The Union Minister for Labour & Employment, and Youth Affairs & Sports, Dr. Mansukh Mandaviya, chaired the 240th meeting of the Central Board of Trustees ('CBT'), Employees' Provident Fund ('EPF') on 19 November 2026.[1]

At the meeting, several proposals were placed before the CBT relating to pension reforms, provident fund flexibility, investment management, governance, exemption policy and digital transformation of Employees' Provident Fund Organisation ('EPFO').

The proposals have been approved by the CBT while the notification in the official gazette is still awaited.

This Flash News captures a summary of the key proposals approved by the CBT.

[1] Link to Press Information Bureau release

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Key proposals approved

Introduction of Systematic Withdrawal Plan ('SWP') for EPF members

- Introduction of a voluntary SWP framework under which retiring EPF members may opt to receive their Provident Fund ('PF') accumulations in periodic instalments (monthly, quarterly or half-yearly).
- Extending this facility to eligible nominees and dependents.

Measures related to gig/platform workers

- Universal Account Number ('UAN') linked mechanisms to facilitate voluntary contributions and third-party micro-contributions independent of employer payroll systems.
- Corresponding amendments to the EPF Scheme and Income-tax Act, 2025 are proposed to be taken up with the relevant ministries.

Relaxation of PF withdrawal conditions

- Minimum balance requirement reduced from 25 per cent to 10 per cent of the PF balance; and
- Waiting period for final withdrawal reduced from 12 months to 2 months.

Relief for EDLI exemption cases

Amendment to Employees' Deposit Linked Insurance ('EDLI') Scheme, 2026 to address pending legacy exemption matters and transition-related issues arising under the new framework.

The approved measures provide:

- A six-month window for renewal of expired exemptions;
- Resolution mechanism for pending exemption cases;
- Relief from contribution liability, interest and penal damages for the verified transitional period; and
- Benefits for establishments that maintained continuous group insurance arrangements providing benefits equal to or higher than statutory EDLI benefits.

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Investment in Alternative Investment Funds ('AIFs')

In-principle approval for investment of up to 3 per cent of fresh annual accretions in eligible AIFs, within the existing overall investment limits and initially through government-backed entities.

Surrender and cancellation of EPF exemptions

The CBT reviewed proposals involving:

- Surrender of exemption by 27 establishments; and
- Cancellation of exemption in 4 establishments.

These cases involve transfer of provident fund accumulations of approximately INR 5,996 crore, covering around 1.44 lakh members, to EPFO's direct administration.

Progress of CITES 2.0 digital transformation initiative

The CBT reviewed the implementation status of Centralised IT Enabled System ('CITES') 2.0, EPFO's centralised UAN-based technology platform.

The CBT noted the following outcomes post implementation:

Particulars	Before	After
Auto-processed claims	39%	71%
Rejection ratio	23%	7.82%
Average claim settlement time	11.15 days	2.57 days

Approval of EPFO budget estimates

The CBT approved the revised estimates for Financial Year ('FY') 2026-27 and budget estimates for FY 2027-28 covering the EPF, Employee Pension Scheme ('EPS') and EDLI Schemes. The approval is aimed at ensuring effective financial planning and prudent management of EPFO funds.

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Our comments

The proposals approved reflect a continued commitment to enhance retirement security, expanding member flexibility and strengthening India's social security framework.

The introduction of the SWP mechanism, along with the relaxation of withdrawal conditions, EDLI exemption relief measures and proposed AIF investments are expected to provide flexibility for EPF members while supporting ease of compliance for employers and exempt establishments.

Additional details regarding the implementation of these measures are expected to be provided through subsequent notifications and scheme amendments.



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