



Tax Flash News



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EPFO releases FAQs on revision of statutory wage ceiling

Executive summary



On 17 September 2026, the Ministry of Labour & Employment issued a notification enhancing the wage ceiling for mandatory coverage from INR15,000 per month to INR25,000 per month for the purpose of Employees' Provident Fund.

In this regard, the Employees' Provident Fund Organisation ('EPFO') has released Frequently Asked Questions ('FAQs') clarifying contribution and calculation methodology, transitional compliance requirements and other operational aspects arising from revision of statutory wage ceiling.¹

A summary of key clarifications provided in the FAQs is provided in the ensuing table.

¹ [Link](#) to FAQs (as accessed on 26 September 2026)

Key clarifications



Particulars	Clarification	FAQ reference
Impact on revised wage ceiling for employees	- Employees drawing wages of up to INR25,000 per month will now be mandatorily required to become members of Employee Provident Fund ('EPF'), Employee Pension Scheme ('EPS') and Employee Deposit Linked Insurance Scheme ('EDLI') with both employee and employer required to mandatorily contribute on wages of up to INR25,000 per month. - EPF members previously excluded from EPS to be enrolled in EPS from 17 September 2026 if their wages are less than INR25,000 per month.	Q1, Q2, Q3, Q5, Q9, Q12, Q13, Q19, Q20
Computation mechanism and operational aspects for September 2026	- Wages to be apportioned for periods – 1 September to 16 September 2026 and 17 September to 30 September 2026 for impacted employees. - Contribution to EPF, EPS and EDLI including admin charges should be computed and based on the above apportioned wages. - Employer to file one single Electronic Challan-cum-Return ('ECR') for September 2026 which is due by 15 October 2026. - Contributions to be calculated separately for: • 1 September to 16 September: old wage ceiling of INR15,000 • 17 September to 30 September: revised wage ceiling of INR25,000 - Where additional employee contributions become payable effective 17 September 2026 owing to revised wages and payroll recovery cannot be made, employer can defer such recovery to October payroll cycle without seeking any formal approval from EPFO. However, full amount to be reported in ECR for September 2026 and remitted to avoid interest and penalty.	Q7 to Q11

Particulars	Clarification	FAQ reference
Impact of revised wage ceiling on Cost To Company ('CTC')	- CTC is not a statutory concept for determining PF liability. While CTC represents total cost incurred by employer towards employee, employer and employee contributions are legally distinct. - PF contributions must be determined with reference to applicable statutory definition of wages and relevant provisions. - An increase in the wage ceiling will increase EPF, EPS, EDLI and admin charges where actual PF wages are higher. The employer's statutory contribution cannot simply be treated as an employee deduction by describing it as part of CTC and employers should ensure that statutory contributions are made correctly and statutory wages are not reduced contrary to applicable law.	Q14, Q15
Impact on employee's take-home salary	Any increase in employee share of EPF due to increase in wage ceiling is fully matched by the employer, earns better interest, comes with tax benefits, and builds towards a guaranteed pension and free insurance coverage. It may be thought of as moving from the take-home pocket to the PF account pocket, where it belongs entirely to the employee, grows every year, and remains easily accessible, with the balance in the PF account available for withdrawal to the extent of 75% for any need.	Q16
Increase in employee contribution and accumulation due to revised wage ceiling	Where PF contributions are required to be made on revised applicable wage, the employee's contribution may increase, since it is calculated as a percentage of PF wages. This applies to employees in INR15,000 to INR25,000 bracket or where the employee was earning more than INR25,000 but contributing at INR15,000, resulting in higher EPF accumulation along with applicable interest, depending on the wage on which contributions are made.	Q17, Q18

Particulars	Clarification	FAQ reference
Implications for employees where wages exceed INR25,000	- Where wages exceed INR25,000, the statutory contribution may be restricted to the prescribed ceiling unless the employee is already contributing on higher wages. - Enhancement of statutory ceiling does not by itself mean that employees who are already contributing on higher wages need to reduce their contribution to INR25,000. - Existing arrangements for contribution on higher wages should continue to be governed by the applicable statutory provisions.	Q21, Q22
Enrolment requirements due to revised wage ceiling	Revised statutory ceiling does not require members to submit any separate application. It will be the statutory responsibility of the employer to enrol such members and start compliance for them.	Q30, Q31
Additional clarifications on EPS	- The revised ceiling expands the scope for EPS coverage and permits pensionable wages to be considered up to the revised statutory ceiling, subject to applicable EPS provisions. - An individual member's actual pension will continue to depend on pensionable salary, pensionable service and other applicable conditions. - For an eligible member whose pensionable wage is taken at a higher level under the revised provisions, the pension amount may be higher, subject to the applicable EPS formula and conditions. However, the revision does not mean every existing pensioner or member will automatically receive a proportionate increase.	Q35, Q36

Particulars	Clarification	FAQ reference
Additional clarifications on EDLI	Increase in wage ceiling can increase wage-linked component used for calculating the EDLI benefit, but maximum assurance benefit presently payable under EDLI remains INR7lakh. An actuarial valuation of the EDLI fund will be undertaken and benefits may be decided in future based on the analysis.	Q38
Impact on cost for employer on account of revised wage ceiling	- For employers, the additional cost is a predictable 12% matching contribution (3.67% towards EPF and 8.33% towards EPS, capped at the revised INR25,000 wage ceiling). - The contribution rate for MSMEs remains the same as for any other establishment under the Code on Social Security, 2020.	Q39, Q40
Benefits under Pradhan Mantri Viksit Bharat Rozgar Yojana ('PMVBRY') scheme	- The additional cost arising to employers can be partly offset by the incentive of up to INR3000 per month for every additional employment created under PMVBRY scheme. - There is no change in benefit receivable under Part A of PMVBRY; an eligible first-time employee will continue to receive benefit equivalent to one month's EPF wage, subject to a maximum of INR15,000, in accordance with PMVBRY scheme.	Q39, Q41
Effective date of implementation	The revised wage ceiling remains effective from 17 September 2026.	Q45

Particulars	Clarification	FAQ reference
Immediate action plan for employers	- Identify employees in INR15,000–INR25,000 wage band. - Identify existing PF members whose contributions were restricted to INR15,000. - Identify employees who may become newly covered members from 17 September 2026. - Review statutory wage components used for PF purposes. - Update payroll calculations for September 2026 transition. - Calculate contributions for September 2026 separately for the periods 1 September to 16 September and 17 September to 30 September, as applicable. - Ensure ECR for September 2026 correctly captures applicable contribution. - Review EPS eligibility and membership status of affected employees. - Review contractor compliance wherever contract labour is engaged. - Update payroll/HR systems and employee communication material. - Maintain a clear audit trail of the calculations and changes made. - Monitor EPFO circulars and portal instructions for subsequent operational clarifications.	Q46

Our comments



The FAQs provide practical guidance on several aspects including employee coverage, contribution calculations, EPS enrolment, September 2026 payroll treatment and ECR filing. The detailed illustrations and transition-related explanations mentioned therein should help employers implement the revised requirements consistently.

Employers should now align their payroll processes and employee communications with these clarifications and continue monitoring further EPFO portal instructions and operational guidance.



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