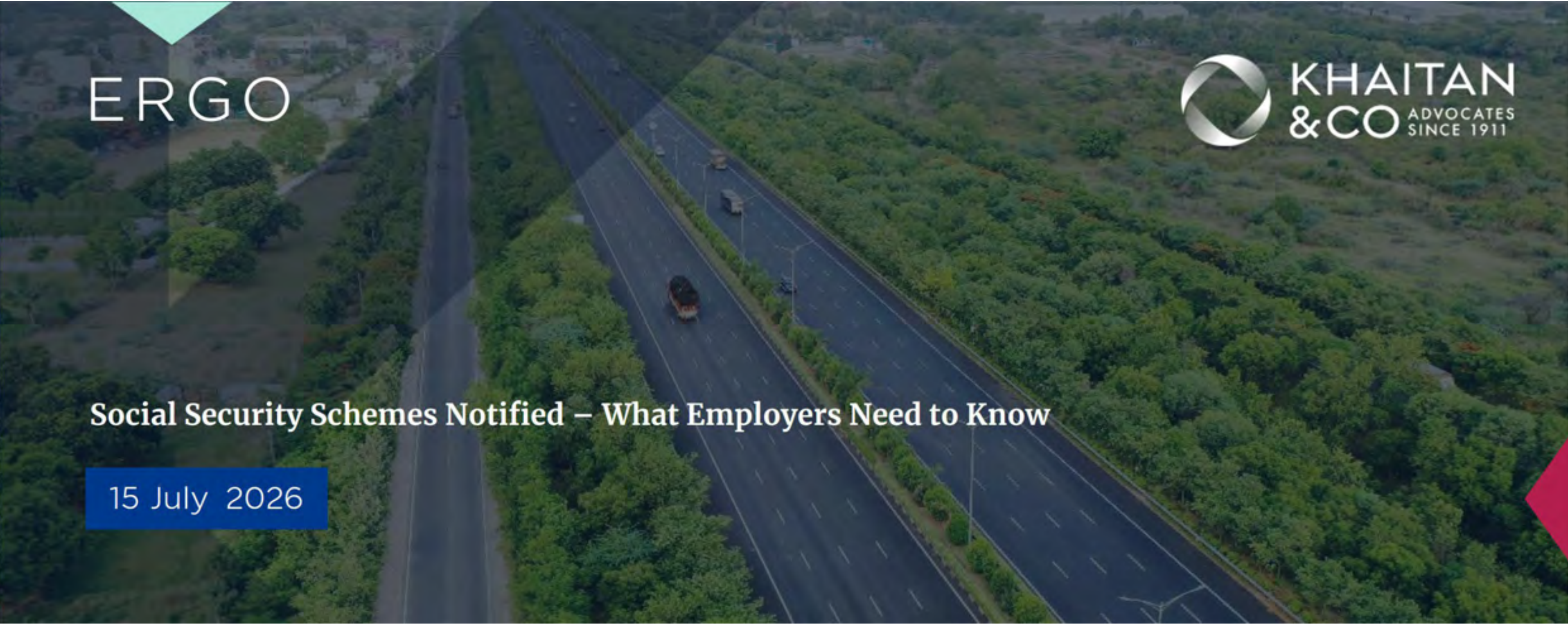

Social Security Schemes Notified – What Employers Need to Know

15 July 2026

On 29 June 2026, the Ministry of Labour and Employment notified the Employees' Provident Fund Scheme, 2026 (2026 EPF Scheme), the Employees' Pension Scheme, 2026 (2026 EPS Scheme) and the Employees' Deposit Linked Insurance Scheme, 2026 (collectively, the 2026 Schemes), marking another significant step in the implementation of the Code on Social Security, 2020 (SS Code). The 2026 Schemes replace the corresponding schemes framed under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (EPF Act) and came into force upon their publication in the Official Gazette.

While the 2026 Schemes do not fundamentally alter the existing provident fund, pension and deposit-linked insurance framework, they consolidate the existing regime under the SS Code, codify several practices already followed by the Employees' Provident Fund Organisation (EPFO), and introduce important governance and compliance changes that employers should evaluate.

What Remains Unchanged

Notification of the 2026 Schemes should not be viewed as a complete redesign of India's social security regime. Several foundational aspects continue unchanged, including:

- the notified wage ceiling of INR 15,000 per month for the purposes of Chapter III of the SS Code dealing with provident fund contributions. Accordingly, employers who currently restrict provident fund contributions to employees whose basic salary is at least INR 15,000 per month may continue doing so;
- employer and employee contribution rates of 12% of wages (10% for specified establishments);
- the broad International Worker framework (which continues to be subject to pending constitutional challenges before the Supreme Court and the Karnataka High Court);
- the principal employer's responsibility for provident fund contributions in respect of contract labour; and
- the existing pension and Employees' Deposit Linked Insurance (EDLI) benefit structures. Notably, the 2026 EPS Scheme expressly incorporates the Supreme Court's decision on higher pension contributions by requiring an additional employer contribution (9.49% of wages instead of the standard 8.33%) for eligible employees who exercised the joint option under the erstwhile pension regime.

Key Changes Employers Should Note

1. A clear shift towards a fully digital compliance framework: The most notable theme across the 2026 Schemes is the formal recognition of an almost entirely digital compliance ecosystem. Several procedural requirements that historically relied on physical forms, contribution cards and manual filings have now been replaced by portal-based processes. The 2026 Schemes provide for electronic filing of statutory returns, online nominations, electronic maintenance of employment records, digital inspection of registers, online transfer of provident fund accumulations, electronic claims processing and greater integration of the Universal Account Number (UAN) framework. In effect, the 2026 Schemes largely codify the electronic compliance framework that had already evolved in practice through the EPFO portal.

2. Contribution framework refined: Although the overall contribution structure remains unchanged, the 2026 EPF Scheme introduces several important refinements. Most significantly, it formally adopts the

concept of 'wages' under the SS Code as the contribution base, replacing references to basic wages, dearness allowance and retaining allowance under the 1952 EPF Scheme. It also expressly recognises voluntary contributions above the statutory wage ceiling, introduces flexibility for employers wishing to make matching voluntary contributions, and empowers the Central Government to temporarily defer or reduce statutory contributions during a pandemic, endemic or national disaster.

3. International Worker regime: The 2026 EPF Scheme substantially retains the International Worker framework under the earlier EPF Scheme. However, unlike the earlier scheme, it does not expressly preserve the position that provident fund contributions for International Workers are payable on their entire wages without application of the statutory wage ceiling of INR 15,000 per month. Instead, while the 2026 EPF Scheme generally provides that contributions payable in respect of a member are subject to the notified wage ceiling (which means that contributions may be capped at 12% of INR 15,000 as monthly wages), it expressly requires contributions on 'total wages' only for International Workers seeking the benefit of detachment under the India–United Kingdom social security agreement. This gives rise to an interpretational issue as to whether the statutory wage ceiling (currently INR 15,000 per month) now applies to computation of provident fund contributions in respect of non-excluded International Workers or whether the earlier position was intended to continue. Pending clarification from the EPFO, employers should exercise caution before modifying their existing contribution practices for International Workers by limiting their provident fund contributions to the statutory wage ceiling.

   Separately, the constitutional validity of the International Worker framework continues to be challenged before the Supreme Court and the Karnataka High Court. The implications of the 2026 EPF Scheme for these proceedings will require careful consideration, particularly since the membership framework has largely been retained, albeit with differently worded provisions relating to the wage ceiling.

4. Exempted provident fund trusts face enhanced governance obligations: While the core obligations of trustees and employers remain largely unchanged, the 2026 EPF Scheme significantly strengthens the governance framework applicable to exempted provident fund trusts. Key changes include:

   - Time-bound exemptions: The earlier open-ended exemption regime has been replaced with an initial three-year exemption period, subject to renewal.
   - Interest declaration: Trustees must now declare interest commensurate with the income earned by the trust fund, subject to a ceiling of 200 basis points above the interest rate declared by the Central Government. Under the 1952 EPF Scheme, the only requirement was that members receive at least the Government-notified rate.
   - Trust deed amendments: Beneficial amendments to trust deeds and rules now take effect automatically, whereas amendments that may adversely affect employees must be reviewed by the Regional Provident Fund Commissioner (RPFC). Under the earlier regime, all amendments required prior approval from the RPFC.
   - Annual statements: The timeline for issuing annual member statements has been reduced from 6 months to 2 months after the close of the financial year, together with mandatory online access for members.
   - Employer liability: The employer is now jointly and severally liable with the trustees for losses arising from fraud, defalcation or non-compliance with the prescribed investment pattern. Such losses must be recouped within 2 months from the date of loss or the end of the financial year, whichever is earlier.
   - Corporate restructuring: Unlike the 1952 EPF Scheme, under which a change in the employer's legal status (due to corporate transactions, etc.) automatically resulted in revocation of the exemption, the 2026 EPF Scheme provides greater flexibility by permitting the exemption to continue or be surrendered in accordance with the order of the competent authority and the prescribed procedure.

   These changes reflect the Government's increased emphasis on governance, transparency and accountability for exempted provident fund trusts.

5. Penalty framework revised: While the 1952 EPF Scheme read with the notification issued in June 2024, prescribed damages at a flat rate of 1% of the arrears for every month of default (or part thereof), the 2026 EPF Scheme adopts the slab-based damages framework. Under the revised framework, damages are payable at 0.25% of the arrears per month where the default is for less than 2 months, 0.50% per month where the default is for 2 months or more but less than 4 months, and 1% per month where the default is for 4 months or more. In addition, the 2026 EPF Scheme introduces a separate late fee of

INR 500 per day for delayed filing of statutory returns, reinforcing the Government's continued emphasis on timely electronic compliance.

6. One-time compliance and regularisation measures: Alongside the 2026 Schemes, the Government has introduced three one-time compliance initiatives aimed at encouraging voluntary compliance and regularising historical defaults.

   - Employees' Enrolment Campaign 2026: Employers (whether previously covered under the SS Code or not) may enrol eligible employees who joined between 1 April 2009 and 31 March 2026 but were not enrolled under the erstwhile regime for any reason. Where the employee's share of contribution was not deducted, only the employer's contribution is payable retrospectively, while the employee's contribution is waived. Although interest and administrative charges remain payable, damages for the relevant default period are capped at a nominal INR 100.

   - VISHWAS 2026: Valid for six months from notification (unless extended), this scheme provides a reduced damages framework for historical defaults in payment of contributions relating to periods prior to 14 June 2024. Upon payment of damages at the prescribed rates under the 2026 EPF Scheme, pending recovery proceedings and appeals stand abated.

   - Amnesty 2026: Also valid for six months (unless extended), this scheme enables retrospective regularisation of certain exempted establishments that operated recognised provident fund trusts without obtaining the requisite exemption notification under the SS Code or the erstwhile EPF Act.

   These measures provide employers with a valuable opportunity to identify and regularise historical compliance gaps before the new framework becomes fully operational.

Practical Takeaways for Employers

The notification of the 2026 Schemes marks the transition from legislative reform to implementation. The emphasis has clearly shifted from legislative reform towards digitisation, governance, transparency and compliance accountability. However, since the 2026 Schemes do not fundamentally alter employers' substantive social security obligations, the immediate operational impact on most employers is expected to be limited. Accordingly, at this stage, employers should consider:

- reviewing payroll practices to ensure continued alignment with the SS Code definition of 'wages';
- assessing internal provident fund compliance processes in light of the expanded electronic filing and record-keeping requirements;
- reviewing governance frameworks for exempted provident fund trusts, including trust deeds, investment practices and reporting timelines;
- evaluating the impact of the revised provisions relating to International Workers, pending clarification from the EPFO; and
- assessing whether historical non-compliances may be regularised under the newly introduced compliance schemes.

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