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**कर्मचारी भविष्य निधि संगठन**  
**EMPLOYEES PROVIDENT FUND ORGANISATION**  
(श्रम एवं रोजगार मंत्रालय, भारत सरकार)  
**MINISTRY OF LABOUR & EMPLOYMENT, GOVERNMENT OF INDIA**  
**मुख्य कार्यालय/Head Office**



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Website: [www.epfindia.gov.in](http://www.epfindia.gov.in), [www.epfindia.nic.in](http://www.epfindia.nic.in)

File No: Pension/V1/PoHW/2024-25/efile-951977/09

Date: 18.01.2025

To

All ACC (HQ)/ACCs, Zonal Offices  
All RPFs/APFCs/OICs, Regional Offices

**Subject: - Clarifications on policy issues related to processing of Pension on Higher Wages cases – reg.**

Madam/Sir,

Certain policy issues were raised by the field offices related to processing of pension on higher wages cases. These issues were subsequently taken up with the Ministry of Labour & Employment (MoL&E) for consideration and approval.

2. The following clarifications are issued that have the approval of the Hon'ble Minister of Labour & Employment:

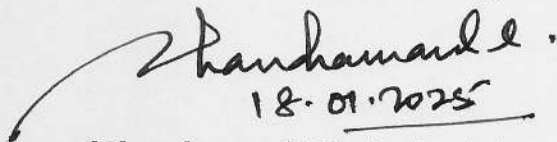
Issue	Clarification/ Approval
<b>Pension computation on Pro-rata basis</b>	The pro-rata calculation of pension is provided in Para 12 of the EPS and is equitable, treating both categories of pensioners i.e. pensioners under wage ceiling and those with higher wages on an equal footing. Further, the Hon'ble Supreme Court had also not found the same ultra-virés. Accordingly, MoL&E has agreed with the computation of pension on pro-rata basis for the Pension on Higher wages cases.
<b>Exempted Establishment's eligibility for PoHW to be based on Trust Rules</b>	The eligibility for PoHW cases should be determined on the basis of the extant trust rules of the exempted establishment, in consonance with the directions of Hon'ble Supreme Court in Sunil Kumar case. Further, in case the Trust rules are amended post decision dated 04.11.2022 in Sunil Kumar Case, applications of members of such Trusts may not be considered.
<b>Netting of PoHW Dues against Pension Arrears</b>	The eligibility for PoHW is crystallized only when the dues (with interest) have been received in the pension fund and netting of these dues against the pension arrears may not be appropriate. That apart, it would also create issues with deduction of tax at

	source as the pension arrears as well as the higher wage pension would attract TDS as well as tax in the hands of the pensioner.
<b>Reckoning wage arrears that are payable retrospectively</b>	<p>The revision of wages with retrospective effect were not deliberate or wilful default on part of the employers. Therefore, such wages should be accounted for against the respective months for which the arrears were meant. In such cases, it would not be appropriate to recover damages under section 14-B. However, the interest on such dues (either from EPF Contribution or through Demand Letters) may be recovered up to the date of retirement/cessation of membership of EPS-95, whichever is earlier.</p> <p>It may be reiterated that no damages may be imposed in such cases.</p>

3. Accordingly, all the references received from the offices related to above issues stand disposed off. The OICs of Regional Offices shall take appropriate action within the ambit of the above without escalating the matter to Zonal / Head Office.

**[This issues with the approval of CPFC]**

Yours faithfully,

  
18.01.2025

**(Chandramauli Chakraborty)**  
**Additional Central PF Commissioner (HQ)**  
**(Pension)**

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1. PS to HLEM
2. PS to Secretary, L&E
3. PS to CPFC
4. FA & CAO, CVO, Director, PDNASS and all ZTIs.
5. All ACC (HQ)s and all ACCs in HO.
6. RC (IS) – for uploading in e-office