

**GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT**

**RAJYA SABHA
UNSTARRED QUESTION NO. 430
TO BE ANSWERED ON 27.04.2016**

CHANGES IN NPS

430. SHRI A. W. RABI BERNARD:

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether Government has proposed to bring changes to make National Pension Scheme (NPS) attractive after rolling back the proposed tax on Employees' Provident Fund (EPF) withdrawals;**
- (b) if so, the details thereof;**
- (c) whether the roll back makes EPF more attractive as withdrawals are not taxable while all withdrawals from NPS are taxable; and**
- (d) if so, the details thereof?**

ANSWER

**MINISTER OF STATE (IC) FOR LABOUR AND EMPLOYMENT
(SHRI BANDARU DATTATREYA)**

(a) & (b): The Government has proposed the following in the Finance Bill, 2016 with regard to the National Pension System (NPS):

- i. Allowing 40 per cent of the NPS corpus tax exempt on lump sum withdrawal.**
- ii. Waiving service tax on the NPS corpus utilized for purchase of annuity.**
- iii. The amount receivable by the nominee in case of death of the subscriber covered under NPS has been made tax exempt.**
- iv. One-time portability without any tax implication has been allowed to the subscriber for shifting from recognized provident fund to NPS.**
- v. One-time portability without any tax implication has been allowed to the subscriber for shifting from superannuation fund to NPS.**

Contd..2/-

(c) & (d): As per the provisions of the Finance Bill, 2016, 40 per cent of the pension corpus under NPS is proposed to be tax exempt on lump sum withdrawal. Also, the proposal in the Union Budget, 2016-17 for taxation of 60 per cent of provident fund corpus under the Income Tax Act, 1961 has been withdrawn by the Government. Employees' Provident Fund (EPF) remains an Exempt Scheme.

However, EPF and NPS are different schemes available to separate categories of subscribers and they are not comparable on one-to-one basis.
