

To,
Shri Arun Jaitley,
Hon'ble Union Finance Minister,
Government of India,
New Delhi-110001.

We, the members of the Social Security Association of India, an NGO affiliated to the Ministry of Labour and Employment and also associated with ILO, International Social Security Association, Geneva, and Friedrich Ebert Stiftung, Germany, while welcoming the basic principles of financial governance embodied in your budget speech, would put forward the following facts with regard to your philosophy of creating a pension based society with a level playing ground between NPS and EPF. Thus compulsory annuity provision of 60 percent of corpus is mooted.

2. While postulating the operative part of the aforesaid policy, the policy makers appears to have omitted to notice that EPF has EPS (Employees' Pension Scheme) component ingrained in it which is 8.33 percent of 24 percent of wages. This means 34.7 percent is already getting annuitised for pension. On that, to further annuitize 60 percent of corpus created from the remainder 15.67 percentage of wages, would mean 74.8 percentage of corpus going into pension. It will in effect deny EPF members level playing ground in that they will be left with only 25 percent of the corpus as cash benefit unlike 40 percent mandated for the NPS members. **From the about facts of the case, it is undeniable that the proposal to tax withdrawal of EPF on retirement is anti-thesis to the basic principle of equity and level playing theory.**

3. **Further, to apply tax on employer share beyond Rs 150000 is disincentive to savings.** This will force employer to load tax as cost of employment and thus less money in the hands of the member. If member is asked to pay tax then he pays tax on notional income and thus his cash in hand will be reduced. To further tax at exit as lump sum cash is double whammy. Besides, it will inhibit raise in wages and increase of wage benefits will be disguised in artificial allowances and benefits to mask wage increase

4. At current salary rate of deputy secretary it would cross Rs 1,05,000 a month. Will the Govt contribution on NPS be taxed as a part of level playing ground between NPS/EPF. If so who will pay tax-Govt or the officer?

5. With the above facts and figures concerning the proposal we fervently urge upon the Hon'ble.FM to reconsider the budget proposals with regard to EPF and continue to boost the growth of a healthy social security movement in our country to gather speed.

Thanking you,