OCTAGONA
A BONFIGLIOLI CONSULTING COMPANY

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Advisory

Changes in Employees Provident Fund (EPF)

ADVISORY

INCREASE IN EPF STATUTORY WAGE CEILING

I. INTRODUCTION

The Ministry of Labour & Employment, Government of India, has notified an increase in the statutory wage ceiling for mandatory coverage under the Employees' Provident Fund (EPF), Employees' Pension Scheme (EPS) and Employees' Deposit Linked Insurance (EDLI) schemes, from ₹15,000 to ₹25,000 per month, vide Gazette Notification S.O. 5109(E) dated 17 September 2026, effective the same date — the first revision since September 2014.

II. KEY CHANGES

a. mandatory coverage threshold: Basic + DA up to **₹15,000 raised to ₹25,000**; employees in the **₹15,001–₹25,000** bracket, earlier “excluded employees,” are now compulsorily covered;

b. employee contribution (12%): **₹1,800** → **₹3,000** per month;

III. IMPACT ON EMPLOYERS AND EMPLOYEES

Employees see higher monthly deductions and a larger retirement/pension corpus — take-home falls by up to ₹1,200 per month, even as their CTC rises by the same amount to reflect the employer's higher contribution. Employers, in turn, face statutory contributions rising by up to ₹1,200 per month — from ₹1,800 to ₹3,000 — along with increased CTC where PF is structured over and above gross salary, and a wider mandatorily-covered workforce.

IV. PRIORITY ACTION STEPS FOR MANAGEMENT & HR

a. employee master data to identify staff now falling in the ₹15,001–₹25,000 band;

b. review CTC and salary structures for the cost impact;

c. update payroll/ERP systems for the revised ceiling; and

d. verify Aadhaar-linked UANs for newly eligible staff.

V. CONCLUSION

This is a significant compliance development requiring prompt assessment of cost and process impact. Octagona India provides end-to-end support on EPF compliance — wage structure review, contribution computation, payroll coordination, and EPFO liaison once the circular is released. For further details, please contact:

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Disclaimer Note:

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