

EPFO Wage Ceiling Enhancement & Key Schemes to be covered

The Central Government has officially increased the statutory EPFO wage ceiling from ₹15,000 to ₹25,000 per month, effective September 17, 2026. This long-awaited change, the first revision since 2014, expands mandatory social security benefits to over 51 lakh additional formal workers. The Ministry of Labour and Employment implemented this change through a Gazette notification under the Code on Social Security, 2020. It directly resets the math for the three core statutory schemes managed by the EPFO.

Impact Breakdown across Core Schemes

The increase in the monthly salary limit fundamentally alters the distribution of employer and employee contributions across the three key EPFO schemes:

Scheme Name	Primary Benefit	Impact of New ₹25,000 Ceiling
Employees' Provident Fund (EPF) Scheme	Accumulates lumpsum retirement and savings corpus with compound interest.	a Mandatory contribution (12% of basic pay) increases from ₹1,800 to ₹3,000 per month for those at or above the ceiling limit.
Employees' Pension Scheme (EPS)	Provides a lifelong monthly pension to employees after retirement at age 58.	The employer's 8.33% share towards pension increases from a maximum cap of ₹1,250 to ₹2,083 per month, paving the way for higher future pension payouts.
Employees' Deposit Linked Insurance Scheme (EDLI)	Offers life insurance cover to the nominee if the employee dies while in service.	The base salary for calculating life cover rises to ₹25,000. Employer premiums (0.50%) move from ₹75 to ₹125 per month, raising the overall maximum insurance coverage amount.

Core Operational Mechanics & Changes

- Who is Affected:**

Every employee joining a firm with a basic salary + DA between ₹15,000 and ₹25,000 now gets mandatory coverage. Additionally, existing employees whose contributions were previously capped at the ₹15,000 threshold will see their contribution base automatically scaled up.

- Take-Home Pay vs. Retirement Savings:**

Employees earning above ₹15,000 who were previously capped will experience a reduction in their monthly take-home pay because of higher PF deductions. However, this is heavily offset by a substantially larger long-term retirement and pension nest egg.

- **Corporate CTC Protection:**

To prevent organizations from burdening workers, the Labour Ministry directed employers to ensure that an employee's gross statutory wages are not adjusted or reduced out of their Cost to Company (CTC) to cover the increased employer match.

- **Administrative Splitting Concerns:**

Because the notification was implemented mid-month on September 17, 2026, companies are preparing for potential pro-rata splitting or waiting for specific EPFO administrative circulars to streamline compliance filing for the transitional month.

The EPFO has operationalized major initiatives under the EPF Scheme, 2026 to drive formalization, resolve legacy disputes, and ease compliance for establishments. These critical programs include the job-boosting; Pradhan Mantri Viksit Bharat Rozgar Yojana (PMVBRY), Employees' Enrolment Campaign (EEC) for missing worker coverage, and the one-time VISHWAS dispute resolution mechanism providing steep penalty relief to employers.

Pradhan Mantri Viksit Bharat Rozgar Yojana (PMVBRY)

- **Core Objective:**

Drive formalization by incentivizing newly employed youth and organizations.

- **Target Audience:**

First-time employees earning gross wages up to ₹1,00,000 monthly.

- **Employee Benefit:**

Receive up to ₹15,000 across two installments via Direct Benefit Transfer.

- **Employer Benefit:**

Receive monthly payouts between ₹1,000 and ₹3,000 per new hire.

- **Mandatory Requirement:**

Requires employees to complete a dedicated financial literacy course.

- **Portal Link:**

Accessible via the dedicated Official PMVBRY Portal.

Employees' Enrolment Campaign, 2026 (EEC)

- **Core Objective:**
Provide a time-bound voluntary window to regularize missing worker coverage.
- **Eligibility Window:**
Covers employees left out between April 1, 2009, and March 31, 2026.
- **Employee Relief:**
Waives the employee's entire share of past un-deducted EPF contributions.
- **Employer Cost:**
Requires paying the employer's share plus interest and a flat ₹100 damage fee.
- **Strict Timeline:**
Applies strictly to active workers and closes on October 31, 2026.
- **Guidelines:**
Outlined comprehensively in the official EPFO Campaign Announcement.

VISHWAS, 2026 (Dispute Resolution)

- **Core Objective:**
Amicably resolve long-pending disputes regarding penal damages and filing defaults.
- **Coverage Scope:**
Settles cases arising under Section 14B and Section 128 legal notices.
- **Financial Relief:**
Replaces annual penalties up to 37% with heavily subsidized monthly rates.
- **Reduced Rates:**
Caps damages at 0.25% to 1% per month depending on delay length.
- **Strict Timeline:**
Remains open online only until the final deadline of December 28, 2026.

- **Detailed Info:**

Step-by-step application flows are hosted on the Vikaspedia Vishwas Scheme Guide.

PMVBRY: Check eligibility for an employee profile or look at the registration workflow

PMVBRY Employee Eligibility Framework

To determine if an employee profile qualifies for the Pradhan Mantri Viksit Bharat Rozgar Yojana (PMVBRY), they must simultaneously satisfy all the conditions under Part A (Employee Component):

- **First-Time Formal Worker:**

The employee must be a first-time formal sector worker generating a brand-new Universal Account Number (UAN). They must have no prior registered history with the EPFO before this employment.

- **Joining Date Window:**

Their date of joining the establishment must fall strictly between August 1, 2025, and July 31, 2027.

- **Wage Cap Limit:**

Their gross monthly EPF salary/wage must be **up to ₹1,00,000** per month.

- **Digital Identity Verification:**

The employee's UAN must be fully Aadhaar-authenticated, and their bank account must be seeded via the Aadhaar Bridge Payment System (ABPS).

PMVBRY Registration & Benefit Workflow

The registration process for PMVBRY is fully digitalized and structured so that employees do not have to fill out separate application forms. The workflows for both parties are detailed below:

1. For the Employee (KYC & Authentication)

- **Step 1: Identity Creation –**

The employee downloads the UMANG App. They generate their new UAN using Face Authentication Technology (FAT) to eliminate identity duplication.

- **Step 2: Milestone 1 (6 Months) –**

After 6 months of continuous service verified through monthly returns, the first incentive installment (half of one month's wage up to a maximum benefit) is sent via Direct Benefit Transfer (DBT) into their Aadhaar-linked bank account.

- **Step 3: Milestone 2 (12 Months) –**

Before completing 12 months, the employee must complete the mandatory online Financial Literacy Course on the EPFO PMVBRY Portal. Upon completion and 12 months of service, the final installment is released directly into a designated savings/deposit component.

2. For the Employer (Onboarding & Claims)

- **Step 1: One-Time Profile Sync –**

Existing EPFO-registered employers visit the Official PMVBRY Portal. They do not require a separate registration but must log in via their EPFO credentials and select "Part B Registration".

- **Step 2: Business Verification –**

Input and verify the establishment's PAN, GSTIN (if applicable), and PAN-linked bank account numbers.

- **Step 3: Digital Signing –**

The employer accepts the legal compliance undertaking on the portal and signs off using either an e-Sign or Digital Signature Certificate (DSC) to finalize the account link.

- **Step 4: Automatic Incentive –**

Employers are rewarded for job additionality (over their historical baseline employee headcount). Incentives up to ₹3,000 per month per new eligible hire are credited directly to the corporate account based on timely filing of the monthly Electronic Challan-cum-Return (ECR).

EEC: Calculate past liabilities or see the step-by-step enrolment process

The Employees' Enrolment Campaign, 2026 (EEC) allows employers to voluntarily correct past compliance gaps for workers missed between April 1, 2009, and March 31, 2026.

Below is a clear breakdown of the structural liability waivers and the step-by-step digital process required to regularize them before the October 31, 2026 deadline.

Past Liability Breakdown: Normal Rules vs. EEC 2026

The primary advantage of enrolling workers under the EEC window is a complete waiver of the employee's past share and a massive reduction in cumulative legal penalties (damages).

Cost Component	Normal Campaign	Compliance (Outside EEC 2026 Campaign Rules)
Employee Share (12%)	✗ Payable retroactively from current wages).	✓ Fully Waived (If it was not originally deducted from their salary).
Employer Share (12%)	✗ Payable in full.	✗ Payable in full.
Statutory Interest	✗ 12% per annum simple interest under Section 7Q.	✗ 12% per annum simple interest under Section 7Q.
Penal Damages	✗ Sliding scale up to 37% per annum under Section 14B.	✓ Capped at a flat ₹100 total lump sum per establishment.
Administrative Charges	✗ 0.50% of wages.	✗ 0.50% of wages.

Step-by-Step Enrolment Process

To successfully claim these waivers, you must follow the sequential steps outlined below through the central EPFO system:

Step 1: Internal Eligibility Audit

Confirm that the worker was hired between April 1, 2009, and March 31, 2026. The individual must be alive and actively continuing in service with your establishment on the exact day you file the declaration.

Note: If the employee joined on or after September 1, 2014, with a basic monthly wage exceeding the ₹15,000 ceiling, they remain classified as an "excluded employee" and cannot be declared under this campaign.

Step 2: Biometric / Identity Generation

The worker must download the official UMANG App and generate a new Universal Account Number (UAN) using Face Authentication Technology (FAT). This step serves as identity validation to confirm the worker does not possess a pre-existing formal employment history.

Step 3: Online Portal Declaration

Log into the Official EPFO Employer Unified Portal using your establishment credentials. Navigate to the dedicated EEC 2026 Menu Tab, upload the worker's validated UAN, and enter their historical month-by-month statutory wage details.

Step 4: ECR Generation & Payment

Once the portal accepts the submission, the system will generate a special Electronic Challan-cum-Return (ECR). The bill will consolidate the employer's retroactive contributions, 12% statutory interest, administrative costs, and the flat ₹100 penalty fee. This payment must be completed digitally through an authorized banking gateway within 15 days of declaration approval.

VISHWAS: Estimate your penal damage relief or view the dispute settlement steps

The VISHWAS, 2026 (Dispute Resolution Scheme) offers a massive financial lifeline to employers facing heavy penalties for past EPF compliance delays. The programme remains open exclusively until December 28, 2026.

Below is an overview of how the scheme calculates your penalty relief and the steps required to settle active disputes.

Estimating Your Penal Damage Relief

The primary benefit of VISHWAS 2026 is the replacement of steep, compounding annual damages with heavily subsidized, fixed monthly interest rates.

Penalty Component	Standard EPF Law (Section 14B)	VISHWAS 2026 Relief Scheme
Penal Damages	✗ Up to 37% per annum based on the length of the payment delay.	✓ Capped between 0.25% and 1% per month depending on the specific delay window.
Section Interest	7Q ✗ 12% per annum (Mandatory, non-negotiable interest rate).	✗ 12% per annum (Remains mandatory; must be paid alongside reduced damages).
Legal Impact	Status ✗ Active recovery notices, bank account freezes, or compounding court disputes.	✓ Immediate withdrawal of pending litigation and closure of dispute cases.

How Relief is calculated?

If an establishment is assessed ₹5,00,000 in standard damages under Section 14B for long-standing delays, the VISHWAS framework recalculates the duration using the capped 0.25%–1% monthly tiers. This typically slashes the employer's penalty liability by 60% to 80%, requiring them to pay only the adjusted damage amount plus the statutory 7Q interest to completely close the case file.

Step-by-Step Dispute Settlement Steps

To resolve an ongoing case under VISHWAS 2026, establishments must follow this sequential online workflow:

Step 1: Identify Eligible Cases

Log into the EPFO Employer Unified Portal and navigate to the VISHWAS 2026 Dispute Settlement Dashboard. The system automatically populates eligible cases linked to your establishment, specifically targeting unresolved show-cause notices or orders issued under Section 14B or Section 128.

Step 2: Submit a Digital Undertaking

Select the active dispute you wish to settle. You must check the declaration box to formally agree to withdraw all pending appeals or litigations filed before the Employees' Provident Fund Appellate Tribunal (EPFAT) or High Courts regarding this specific dispute.

Step 3: Review the Auto-Calculated Demand

The portal dynamically computes the subsidized damage amounts using the scheme's lower percentage brackets. Review the generated statement, which displays the Revised Damages (capped) and the Mandatory 7Q Interest.

Step 4: Electronic Payment & Case Closure

Accept the settlement terms to generate a specialized VISHWAS Electronic Challan-cum-Return (ECR). The total calculated settlement amount must be paid online via internet banking. Once the transaction clears, the EPFO portal automatically generates a Case Settlement Certificate, formally resolving the dispute and lifting any active recovery actions against your business.
