

Units of big firms likely to lose PF tax benefits

Employees of some of the big private firms, educational institutes, public sector undertakings (PSUs) and multinational companies operating in the country might not be able to avail tax benefits through private provident fund beginning April 1 this year.

Documents accessed by Business Standard show the subsidiaries and branches of firms such as Reliance Industries Limited, Larsen & Toubro, Nokia India, Airports Authority of India, Institute of Rural Management Anand feature in the list of 150 firms - prepared by the Employees' Provident Fund Organisation (EPFO) - whose private provident fund trusts will not get tax exemption.

These companies have failed to get exemption certificates from the EPFO's governing body, after the interim Budget, presented by Finance Minister P Chidambaram, did not make amendments to the Finance Act.

In 2006, the finance minister made it mandatory for private PF trusts, floated by various companies, to seek exemption certificate from labour ministry to avail tax benefits but that was for a year. The deadline was extended each year and the latest one was March 31, 2013, and in the interim Budget, the finance ministry did not extend it.

There are 3,221 firms under the EPFO till date. "We are reviewing the position of the firms and the clearance of as many as 150 such trusts are pending," K K Jalan, Central PF commissioner, told Business Standard.

COMPANIES WHICH MAY NOT GET PRIVATE PROVIDENT FUND BENEFITS	
Government agencies	Units/subsidiaries involved
Housing and Urban Development Corporation	Delhi
Indian Trade Promotion Organisation	Delhi
Food Corporation of India	Delhi
Private firms	
Reliance Industries Limited	Nagpur
Tata Housing Development Corporation Limited	Bandra
Dabur India	Jaipur
Ashok Leyland Ltd	Nagpur
Multi-nationals	
Nokia India	Gurgaon
L & T Gulf Pvt Ltd	Thane
Heinz India Ltd	Agra
Public Sector Undertakings (PSUs)	
Bharat Aluminium Company Limited (BALCO)	Raipur
Airports Authority of India	Delhi
Educational institutes	
Woodstock School	Dehradun
Welham's Girls School	Dehradun
G D Birla Centre for Education	Park Street, Kolkata
Media houses	
Forbes India	Bandra
Ambuja Publications (Am ar Ujala)	Agra

Source: Employees' Provident Fund Organisation (EPFO)

For this, he said a sub-committee was created to fasten the process of giving clearances to such trusts.

"In the first week of March, we will be holding the central board meeting in which we may clear another 60 trusts," said Jalan. Around 54 pending cases were cleared by the body in the meetings held in January and February this year, said Jalan.

A top official in EPFO said these trusts had to follow 31 conditions and if a firm failed to comply with even one, clearance was not given.

"We didn't ask the finance ministry for an extension last year as well. Even these firms, it

seems, are not interested to get themselves cleared," said one of the top officials, on conditions of anonymity.

The list includes PSUs like Bharat Aluminium Company Limited and media houses like Forbes India. Educational institutes like Welham Girls, multinational companies such as Larsen and Turbo, corporate houses like Tata Housing Development Company also figure in the list.

(Business Standard)