Circular No FAP/28

Dated: 10.12.2019

Subject: Procedure in FAP for Bonus interest on CPF for Financial Year 2019-20.

Reference: CPF Division circular no CPF/45/Headquarters Dated 20.11.2019

Reference is made the CPF Division’s Circular no CPF/45/Headquarters dated 20.11.2019 issued regarding Bonus Interest for the Financial Year 2019-20 @ 2.50% on the CPF Balance of each member (regular employees as on 1st April, 2019) of FCI CPF Trust as on 1st April 2019. In this regard, the procedure to be followed for the same in FAP is as follow:

2. Bonus Interest at the rate of 2.50% will be calculated in respect of each regular employee as on 1st April, 2019, on the balances as on 1st April 2019 of the respective employee under heads Employer Contribution, Employee Contribution and Voluntary Contribution (Opening Balance of current FY).

3. A report “FCI Bonus interest on CPF “under payroll user (Apps) will be provided at unit / Zonal level for the employees posted on respective unit / under respective parent zone, showing the head wise balance as on 1st April 2019, along with any adjustment passed by Parent Zonal Office CPF Division till 6th December 2019, effective opening balance and the Bonus Interest Calculated on each Head.

4. The total amount of Bonus Interest (lump-sum) so calculated will also be reflected under Paycode 609 in the External Savings Screen of Employee Payroll Module for each employee as ‘Taxable Income for FY 2019-20’ and will be considered by FAP system for Income Tax calculations w.e.f. December 2019 payroll processing and also reflected in reports of FAP relating to Income of employee and Income Tax. External Savings report can be used to see the Bonus Interest balance.

5. A separate row of Bonus Interest (head wise) will be shown in CPF Slip of the active employees only [not for Ex-members (retired/separated from FCI between 01.4.2019 to 30.11.2019)] in the month of December i.e. in addition to regular monthly contribution row and/or adjustment row.
6. Zonal Office shall Generate Sanction Order of Bonus Interest for Ex-members using the ‘CPF Supplementary Screen’. The DDO of the respective unit shall ensure that the Income Tax due from the employee on the Bonus Interest amount shall be deducted before making the payment to the Ex-member. For deducting Income Tax, a Credit Memo shall be made in FAP by DDO using the Supplementary Screen of Employee Payroll Module. User shall select the Pay Code 302 with Description ‘Income tax’ with Payment type as ‘Current Recovery’ and generate Credit Memo by sending Invoice to the Apps Module. This will create a Credit Memo in Accounts Payable Module of FAP and the same shall be applied on the Invoice Created via Zonal Office for payment of Bonus Interest.

7. In light of the instructions at point no 4 of above mentioned CPF Division circular that ‘In case of Ex-members, TDS will be deducted on accumulated balance now payable to them as salary’, Zonal Offices shall generate separate sanction of the Bonus Interest for Ex-members, even in case of Ex-members who are yet to take their Regular CPF Final Payment.

8. DDO shall verify and ensure that the amounts of Bonus Interest (as Income) and Income Tax deducted are reflected properly in the Quarterly TDS return and Form 16 of the employees. Any deviation shall be brought to the notice of Headquarter FAP Division immediately.

9. In case of any modification in the Opening Balance under any of the three heads (Employer, Employee or VPF), subsequent to the stipulated date of 6th Dec 2019, leading to increase/decrease in Bonus interest of any employee, following procedure needs to be followed:

i. **For Active Employees**

a. Zonal Office shall make head wise adjustment in the Opening Balance as well as Bonus Interest of the employee, using the ‘Maintain PF Screen’ and communicate the revised/updated Bonus Interest amount to the Drawing and Disbursing Officer (DDO) of the respective units, where the concerned employee is currently posted.

b. Based on the communications received from CPF Division, DDO shall make entry (negative/positive) in the External savings Screen using the Pay Code 609, to rectify/modify the Bonus Interest as Income. The updated Bonus Interest will be considered by FAP system as Income for Income Tax Calculation in the remaining/subsequent month’s payroll processing in Financial Year 2019-20.

ii. **For Ex-members (retired/separated from FCI between 01.4.2019 to 30.11.2019)**

a. Zonal Office shall generate Sanction Order/payment invoice of Ex-members for rectified/corrected Bonus Interest using the ‘CPF Supplementary Screen’ and communicate the revised/updated Bonus Interest amount to the Drawing and Disbursing Officer (DDO) of respective units, from where the concerned Ex-member’s payment is required to be released.
b. Based on the communications received from CPF Division, DDO shall make entry (negative/positive) in the External savings Screen using the Pay Code 609, to rectify/modify the Bonus Interest as Income.

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(Pukhraj Tak)
Chief General Manager (FAP)

[Signature]

10/12/2019