Circular No. CPF/45/Headquarters

Subject: Bonus interest on CPF for the Financial Year 2019-20.

Reference is made to this office Circular no. CPF/41/Headquarters issued from ibid file dated 27.09.2019 regarding the rate of interest @ 9.50% per annum on CPF for the Financial Year 2019-20 on running monthly balance.

2. In view of surplus fund available with the Trust, it has been decided with the approval of competent authority to declare bonus interest @ 2.50% [(Two point five zero percent) (over and above 9.50%)] on the CPF balance of each member (regular employee) of FCI CPF Trust as on 1st April, 2019. It is clarified that Ex-members retired/separated from FCI till 31st March 2019 are not eligible of bonus interest. The Bonus interest shall be credited to the CPF account in December 2019 in respect of regular employee as on 01st April, 2019.

3. As per the provisions of Income Tax Act, the bonus interest (over and above 9.50%) will be included in salary/wage income of the concerned employee/labour and accordingly TDS will be deducted. As opined by Tax Consultant, TDS applicable on bonus interest will be deducted by FCI (the employer) by adding it in the salary income of the respective employee. In case of Ex-members (retired/separated from FCI between 01.04.2019 to 30.11.2019), TDS will be deducted on accumulated balance now payable to them as salary.

4. In case of regular employees, TDS applicable on bonus interest will be calculated by FAP by adding bonus interest in the salary income of the respective employee and TDS is to be deducted by FCI in next three months (i.e. up to February 2020 or date of retirement/separation whichever is earlier). In case of eligible Ex-members retired/separated from FCI between 01.04.2019 to 30.11.2019, a detailed circular on procedure to be followed for credit & sanction of bonus interest & deduction of TDS by Hqrs/ZO CPF Division and unit offices respectively, will be issued by FAP Division in due course.

5. Calculation of Bonus interest will be verified by respective CPF divisions i.e. ZO CPF Division for Cat. II/III/IV employees & Deptt./DPS Labour and Hqrs CPF division for Cat. I employees. Calculation of TDS and timely deposit thereof will be ensured by respective unit offices (Hqrs/IFS/ZO/RO/DO etc.).

6. Necessary action may be taken accordingly. Payment of bonus interest may be made to retired, eligible employees without insisting for fresh application. Bonus interest may be paid to Ex-Employees after deducting TDS at the earliest to avoid tax complications.
7. It is worth mentioning that bonus interest will be added to salary income of the employees in December 2019. Keeping in view the pay revision arrear payment to Cat. III and IV employees in November 2019, all the employees may be advised to come forward for higher deduction of TDS in November 2019 to lower tax burden in subsequent months.

8. Please acknowledge receipt of the circular.

Distribution:-

1. Executive Director (Zone), FCI, Zonal Office (North/South/West/East/North East)
2. General Manager (P&IR), FCI Headquarters, New Delhi
3. GM (FAP), FCI, Hqrs, New Delhi. For updating in FAP System & issuance of detailed circular.
4. GM (IT), FCI, Hqrs, New Delhi. For placing the Circular on FCI website.
5. All General Managers (Region), FCI, Regional Office.
6. All Divisional Managers, FCI, Divisional Office.
7. Assistant General Manager (Bills), FCI Headquarters, New Delhi.