

Rule : 40 C

Application for recognition of a provident fund

1) Purpose

To apply for recognition of a provident fund so it qualifies as a Recognised Provident Fund (RPF) for income-tax purposes, enabling prescribed tax treatment for employer/employee contributions, fund income, and withdrawals.

2) Who Should File

- Employers establishing a provident fund trust for their employees.
- Board of Trustees/authorised signatory of the PF trust created by the employer.
- Existing PF trusts seeking recognition or recognition upon amendment/merger/split.

3) Frequency & Due Dates

- One-time filing at fund set-up (or upon conversion to an RPF).
- No fixed annual due date; file when the trust deed/rules are ready.
- Refiling/Intimation may require on material amendments to trust rules, employer restructuring, or trustee changes as required by the assessing authority.

4) Structure of this Form

Typical sections capture:

- Employer & Establishment details (name, address, PAN/TAN, nature of business, employee strength).
- PF Trust particulars (trust name, date of creation, trustees, principal officers).
- Trust Deed & PF Rules summary (eligibility, contributions, vesting, interest crediting, withdrawals, forfeitures).
- Funding & Investment policy
- Actuarial/financial information (where applicable), opening corpus, transfer-in balances.
- Declarations & Undertakings (compliance with Part A, investment norms, reporting).

5) Documents Required

- Copy of Trust Deed
- Copy of Rules of the Fund
- Documentary proof if establishment is exempt under Section 17 of the EPF & MP Act
- Proof of receipt from Employees Provident Fund Organization if the establishment is NOT exempt under section 17 of the EPF & MP Act

- Copy of letter of Approval if the fund was recognized under the Income-tax Act, 1961 before 31-3-2006
- A copy of the balance-sheet of the fund, relevant to the financial year ending prior to the date of application, if the fund is already in existence.

6) Process Flow

1. Constitute PF Trust; draft Trust Deed and PF Rules in line with Part A (Schedule XI) conditions.
2. Submit to the Income Tax authority as instructed.
3. Scrutiny & Clarifications: authority may seek revisions to rules (e.g., withdrawals, interest, forfeiture, investment limits).
4. Order of Recognition issued; a recognition/approval reference is allotted.
5. Post-recognition compliance: maintain investments, books, audits, and notify any amendments; file any statements the authority prescribes.

7) Outcome of Processed Form

- Approved: Fund attains RPF status.
 - Tax treatment: employer/employee contributions, fund income, and qualifying withdrawals receive recognised PF tax treatment subject to statutory limits and conditions.
 - The trust can operate as an approved vehicle for employee retirement savings, subject to ongoing compliance.
- Not approved: reasons communicated; applicant may appeal or re-apply, as the case may be.
- Withdrawal of recognition is possible later if conditions are breached (e.g., rule violations, investment non-compliance).