



Indian Laws Insights

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827

With the **EPF wage ceiling**
increased from

₹15,000 to **₹25,000,**

can an employee currently
contributing PF on wages
above ₹25,000 be restricted
to the ₹25,000 ceiling?



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No. An employee who is presently contributing PF on wages above ₹25,000 cannot be automatically restricted to the ₹25,000 ceiling merely because the statutory wage ceiling has been increased from ₹15,000 to ₹25,000 with effect from 17 September 2026.

The correct legal position emerges from reading the 17 September 2026 Notification together with Paragraphs 9(4), 18 and, particularly, Paragraph 19 of the Employees' Provident Funds Scheme, 2026.

What the 17 September 2026 Notification actually changes

The notification dated 17 September 2026 notifies ₹25,000 per month as the wage ceiling for the purposes of Chapter III of the Code on Social Security, 2020, with effect from the date of its publication in the Official Gazette.

Importantly, the notification does not say that an employee who is already contributing PF on wages exceeding ₹25,000 must thereafter be restricted to ₹25,000.

Therefore, the notification by itself cannot be read as an automatic direction to reduce an existing higher-wage PF contribution.

Para 18 of the 2026 Scheme establishes the normal statutory ceiling

Chapter V deals specifically with “Contributions and Charges.”

Para 18(2) provides for employer and employee contributions at the prescribed statutory rate. Para 18(3) then states that contribution is subject to the wage ceiling notified by the Central Government.

Accordingly, with the new notification, the normal statutory ceiling is ₹25,000.

However, Para 18(3) contains a very important qualification:

where monthly wages exceed the wage ceiling, employer and employee contributions are limited

to the contribution payable on the wage ceiling “subject to the provisions contained in subparagraph (4) of paragraph 9.”

Thus, Para 18(3) itself does not operate as an absolute prohibition against contribution above ₹25,000. It expressly preserves the exception contained in Para 9(4).

Para 9(4) expressly permits contribution above the wage ceiling

Para 9(4) is critical.

It provides that an employee and employer may jointly opt in writing to allow the employee to contribute on wages exceeding the wage ceiling.

Once such an option is exercised, the employee is entitled to the benefits of the Fund and is subject to its conditions. The employer is also required to pay the applicable administrative charges and comply with the statutory provisions.

Therefore, the Scheme itself recognises two situations:

Normal statutory contribution:

Contribution is subject to the notified wage ceiling.

Higher-wage contribution:

Where the requirements of Para 9(4) are satisfied, contribution can be made on wages exceeding that ceiling.

This distinction is fundamental to answering the question.

Para 19 goes one step further - Additional Voluntary Contribution

Para 19 is specifically titled “Additional voluntary contributions.”

Para 19(1) expressly provides that, notwithstanding anything contained in the Scheme, an employee may opt to make an additional contribution on wages exceeding the statutory wage ceiling, either:

- at the statutory rate; or
- at a rate higher than the statutory rate.

The employer is then required to transfer such voluntary contribution to the Commissioner through the Electronic Challan-cum>Returns.

This provision is significant because it clearly demonstrates that ₹25,000 is not an absolute prohibition on contribution above ₹25,000.

The Scheme consciously permits additional voluntary contributions on wages above the statutory ceiling.

But Para 19(2) makes an important distinction regarding the employer

Para 19(2) states that the employer may, if it so desires, make a matching contribution on the employee's voluntary contribution.

However, the employer is under no obligation to match the employee's additional voluntary contribution under Para 19.

Therefore, the Scheme distinguishes between:

Employee's voluntary contribution:

The employee may opt to contribute above the statutory ceiling.

Employer's matching contribution:

The employer may make a matching contribution, but Para 19 does not impose an obligation upon the employer to do so.

This distinction is particularly important when determining whether an existing contribution above ₹25,000 can be reduced.

Para 19(4) is the most important provision for the present question

Para 19(4) provides:

“The employee or employer may at any time, opt to reduce or stop making such additional voluntary contributions.”

This means that where the amount being contributed above ₹25,000 is specifically an

additional voluntary contribution under Para 19, the Scheme expressly gives the employee or the employer the ability to reduce or stop that additional voluntary contribution.

Therefore, an employer's ability to restrict the contribution depends upon the legal character of the existing contribution above ₹25,000.

Therefore, the existing arrangement must first be identified

The question should not simply be:

“Is the employee's wage above ₹25,000?”

The correct question is:

“On what legal basis is PF presently being contributed on wages above ₹25,000?”

There are essentially two possibilities.

A. Contribution under Para 9(4)

If the employee and employer have a valid joint written option under Para 9(4) permitting contribution on wages exceeding the statutory ceiling, then the increase of the ceiling from ₹15,000 to ₹25,000 does not by itself terminate that higher-wage arrangement.

Para 18(3) itself is expressly subject to Para 9(4).

In such a case, merely issuing an internal payroll instruction saying:

“The new PF ceiling is ₹25,000; therefore, PF will henceforth be calculated only on ₹25,000”

would not automatically follow from the 17 September notification.

B. Additional voluntary contribution under Para 19

If the amount above ₹25,000 is being contributed as an additional voluntary contribution under Para 19, the position is different. Para 19(4) expressly permits either the employee or employer to reduce or stop such additional voluntary contributions.

Therefore, in this situation, the employer has a specific regulatory basis under Para 19(4) to discontinue or reduce the additional voluntary contribution.

What does the fact that the employee was already contributing above ₹25,000 mean?

The fact that an employee was contributing PF on wages above ₹25,000 before 17 September 2026 is important, but it is not, by itself, sufficient to determine the answer.

The employer should examine:

1. whether there was a joint written option under Para 9(4);
2. whether the higher contribution was merely an additional voluntary contribution under Para 19;
3. whether both employer and employee contributions were being made on the higher wage;
4. the terms under which the higher contribution was introduced and maintained; and
5. the manner in which the contribution has been reported to EPFO.

This distinction is necessary because the 2026 Scheme itself creates different legal mechanisms for contributions above the statutory ceiling.

The 17 September notification does not contain a retrospective reduction mechanism

Another important point is that the 17 September 2026 notification simply:

- supersedes the earlier notification;
- fixes ₹25,000 as the wage ceiling; and
- makes that ceiling effective from the date of publication.

There is no express provision in that notification directing employers to revise or terminate existing higher-wage PF contributions.

Therefore, it would be difficult to derive an automatic reduction of existing higher-wage contributions merely from the notification.

The Scheme also recognises continuity of existing membership

Para 9(1) provides that every employee who was a member or was required to be a member of the EPF Scheme, 1952 until its cessation becomes a member of the 2026 Scheme.

This supports the view that the transition from the 1952 Scheme to the 2026 Scheme is not intended, merely by operation of the new wage ceiling, to automatically extinguish existing membership.

However, continuity of membership should not be confused with an unconditional right to contribute on any wage. The higher-wage contribution must still be traceable to the applicable mechanism under the 2026 Scheme.

Legal interpretation of Para 18 and Para 19 together

The provisions can therefore be read systematically:

Para 18

Establishes the ordinary statutory contribution framework and applies the notified wage ceiling.

Para 9(4)

Creates a mechanism for contribution on wages exceeding the wage ceiling, subject to a joint written option of employee and employer.

Para 19

Creates a separate mechanism for an employee to make additional voluntary contributions on wages exceeding the statutory ceiling.

Para 19(4)

Specifically provides that the employee or employer may reduce or stop such additional voluntary contributions.

Consequently, the provisions do not support a blanket proposition that:

“After 17 September 2026, all PF contributions above ₹25,000 must automatically be stopped.”

Nor do they support the opposite blanket proposition that:

“Every employee who was previously contributing above the ceiling has an unconditional right to continue contributing above ₹25,000.”

The correct legal answer depends upon the basis of the existing higher-wage contribution.

Practical conclusion for HR/Payroll

Situation	Can contribution be restricted to ₹25,000?
Ordinary statutory PF contribution with no higher-wage arrangement	Yes. Normal contribution is subject to ₹25,000 ceiling under Para 18(3).
Valid Para 9(4) joint written option for contribution above wage ceiling	Not merely because the ceiling has become ₹25,000. The higher-wage arrangement has to be considered under Para 9(4).
Employee's excess contribution is specifically an additional voluntary contribution under Para 19	Yes, subject to Para 19(4), because employee or employer may opt to reduce or stop the additional voluntary contribution.
Employee alone wants to contribute above ₹25,000 under Para 19	Permitted, subject to Para 19; however, employer is not obliged to provide a matching contribution.
Employer has historically contributed above ₹25,000 but there is no identifiable Para 9(4) or Para 19 basis	Requires examination of the existing arrangement and records before reducing it.

Final Opinion

An employee currently contributing PF on wages above ₹25,000 cannot be automatically restricted to the ₹25,000 ceiling solely on the ground that the Central Government has increased the statutory wage ceiling from ₹15,000 to ₹25,000 with effect from 17 September 2026.

The notification dated 17 September 2026 merely fixes ₹25,000 as the wage ceiling for Chapter III; it does not expressly terminate existing higher-wage contribution arrangements.

Further, Para 18(3) of the 2026 Scheme makes the ordinary ceiling applicable, but expressly makes that provision subject to Para 9(4). Para 9(4), in turn, permits the employee and employer to jointly opt in writing to permit contribution on wages exceeding the wage ceiling.

More importantly for the present issue, Para 19(1) expressly recognises additional voluntary contributions on wages exceeding the statutory wage ceiling. However, Para 19(4) specifically provides that either the employee or employer may at any time opt to reduce or stop such additional voluntary contributions.

Accordingly, the legally sustainable position is: ₹25,000 is the statutory wage ceiling for ordinary PF contribution; it is not, by itself, an absolute ceiling prohibiting PF contribution above ₹25,000.

Where the existing contribution above ₹25,000 is supported by a valid Para 9(4) higher-wage arrangement, the 17 September 2026 notification does not, by itself, authorise an automatic reduction to ₹25,000.

Where the amount above ₹25,000 constitutes an additional voluntary contribution under Para 19, however, Para 19(4) expressly permits the employee or employer to reduce or stop that additional voluntary contribution. Therefore, before restricting an existing employee's PF contribution to ₹25,000, the employer should first establish whether the existing contribution above ₹25,000 is a Para 9(4) higher-wage contribution or a Para 19 additional voluntary contribution.



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