EPFO wage ceiling increased from INR 15,000 to INR 25,000 per month

The Ministry of Labour and Employment has notified INR. 25,000 per month as the wage ceiling for the purposes of Chapter III of the Code on Social Security, 2020. The revised ceiling takes effect from 17 September 2026, the date on which the notification was published in the Official Gazette.

The revision expands the scope of mandatory provident fund coverage. In particular, employees whose wages exceed the earlier ceiling of INR 15,000 but do not exceed INR. 25,000 will now fall within the mandatory coverage framework.

For employees earning wages above the statutory wage ceiling, whose provident fund contributions are currently calculated by limiting the contribution base to the statutory ceiling of INR 15,000, the contribution base will accordingly increase to INR 25,000 pursuant to the revised ceiling.

EMPLOYEE CATEGORY	IMPACT
Existing employees with wages below INR 15,000 p.m.	No immediate impact – PF contribution continues wages.
Existing employees with wages between INR 15,001 and INR 25,000 p.m. – currently treated as excluded employees	▪ The PF membership will become mandatory, subject to the applicable statutory and scheme provisions. ▪ Employer and employee contributions will be payable at the applicable rate on wages, subject to the revised ceiling of INR 25,000 per month.
Existing employees with wages between INR 15,001 and INR 25,000 p.m. – currently contributing on the INR 15,000 ceiling	▪ PF membership will continue. ▪ The PF contribution base will increase from INR 15,000 to INR 25,000.
Existing employees with wages between INR 15,001 and INR 25,000 p.m. – currently contributing on actual wages	▪ PF membership will continue. ▪ No immediate increase in PF contribution where contributions are already being made on actual wages.
Existing employees with wages above INR 25,000 p.m. – currently contributing on actual wages	▪ PF membership will continue. ▪ No immediate increase in PF contribution where contributions are already being made on actual wages.
Existing employees with wages above INR 25,000 p.m. – currently contributing on the INR 15,000 ceiling	▪ PF membership will continue. ▪ The PF contribution base will increase from INR 15,000 to INR 25,000, subject to the applicable statutory and scheme provisions.
Existing employees with wages above INR 25,000 p.m. – not currently covered under PF	▪ PF non-membership may continue, subject to the applicable statutory and scheme provisions. ▪ No immediate impact solely on account of the revised ceiling.
New joiners with wages up to INR 25,000 p.m.	▪ PF membership will be mandatory, subject to the applicable statutory and scheme provisions. ▪ Employer and employee contributions will be payable at the

applicable rate on wages, subject to the revised ceiling of INR 25,000 per month.

For employers, the change may have implications for:

- The identification of employees who may newly fall within mandatory coverage.
- Employee and employer provident fund contributions and overall employment costs.
- Payroll systems and contribution calculations.
- Salary structures and employment documentation.
- Employee communication regarding changes in deductions and take-home pay.

Employees who become subject to contributions on the revised wage ceiling may experience a reduction in take-home pay due to the increased employee contribution. At the same time, higher provident fund contributions may enhance their long-term retirement savings and associated social-security benefits. Employees may however have to be sensitised about the reduced take-home amount.

ELP Comments

The increase in the wage ceiling is particularly relevant given that, in several States, the applicable minimum wages for certain categories of employees are already above the erstwhile INR 15,000 ceiling. The revision therefore addresses a potential gap between the statutory wage ceiling for PF coverage and prevailing minimum wage levels.

From an implementation perspective, the immediate effectiveness of the revised ceiling from September 17, 2026 may also present practical challenges for employers. In 2014, when the PF wage ceiling was last increased from INR 6,500 to INR 15,000, the relevant notification was issued on August 22, 2014, and the revised ceiling took effect from 1 September 2014. The present revision, however, takes effect from 17 September 2026, i.e., during the course of a wage month. This may require clarity on the treatment of the revised ceiling for the period falling before and after the effective date, including whether and how the contribution base is to be prorated for September 2026.

The Notification dated 17 September 2026 clearly provides that the effective date of the revised statutory wage ceiling for PF contribution is 17 September 2026. Therefore, as it stands, Employers will have to not only assess the impact but also revise the employee-level PF contributions on their next payroll processing cycle as per wage ceiling of INR 25,000 per month. Unless of course there is any further guidance or clarification from the authorities on the treatment of the revised ceiling for the partial month or the start date.

We hope you have found this information useful. For any queries/clarifications, please write to us at *insights@elp-in.com* or write to our authors:

Vivek Daswaney, Partner – Email - *VivekDaswaney@elp-in.com*

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