

HANDBOOK OF EMPLOYEES' PROVIDENT FUND

Central Bank of Sri Lanka
And
Department of Labour

Contents

Page No

1. The responsibility of the Department of Labour towards the Provident Fund and provisions under the Act **01**
W J L U Wijayaweera – Commissioner of Labour – Dept of Labour
2. The responsibilities of the Provident Fund of Central Bank of Sri Lanka, collection of provident fund member contributions and payment of refund of benefits **22**
S A L Muthukumara – Senior Asst. Superintendent – EPF Dept
3. Collection of member contributions through the Electronic media **29**
C B Pathberiya – Deputy Director – Dept of Information Technology, Central Bank of Sri Lanka
4. Maintenance of members accounts **31**
K G S De Silva – Asst. Superintendent, EPF Dept, Central Bank of Sri Lanka
5. Amalgamation and amendments of member accounts and issue of certificate of balances to members for housing loan purposes **35**
R.G.D. Premawansa – Asst. Superintendent, EPF Dept, Central Bank of Sri Lanka
6. Accounting and investment news of Provident Fund **50**
J.B. Sumanabandara – Deputy Superintendent, EPF Dept, Central Bank of Sri Lanka
7. Annexure of collection of member contributions through the Electronic media **56**
8. Samples of various types of forms used by the Employees Provident Fund **65**

MESSAGE BY THE DEPUTY GOVERNOR OF THE CENTRAL BANK

The publication of an Employer-Employee Handbook with the intention of creating an awareness of the functioning of the provident fund established for the benefit of corporation and private sector employees who do not receive a monthly pension in their retirement is a fulfillment of a timely need.

The Employees' Provident Fund is the largest social security scheme in Sri Lanka with assets running to over Rupees 400 Billion as at present. This handbook will greatly enrich the understanding of the working of the fund among all the parties concerned.

This publication could be used as a concise handbook for all the officers dealing with matters concerned with the Employees' Provident Fund. The usage of this publication will enable all the members of the fund not only to get themselves a better understanding of their rights and obligations, but also to find solutions to the day-to-day problems that may arise. I am very happy to add my best wishes for the new forward strides made by the Provident Fund through this publication.

W A Wijewardena
Deputy Governor
Central Bank of Sri Lanka

MESSAGE BY THE COMMISSIONER GENERAL OF LABOUR

This handbook has been prepared with the aim of providing both the employer and the employee an understanding of the operation of legal aspects of the Employees' Provident Fund Act No 15 of 1958 providing protection and retirement benefits to employees in private sector and government corporations.

It devolves as a legal requirement consequent to enactment of several acts of parliament, for an employer, to make deposit of contributions to the Employees' Provident Fund to enable the retired employees to obtain provident fund benefits easily and without delay, to keep the employees informed and to take other necessary action in this regard.

An individual account is being maintained at the Central Bank on behalf of each employee with contributions both from the employee and the employer. The compound interest received on the investment of funds of individual members, systematically build over time, are credited to individual member's account.

It is the duty and responsibility of an employer to deposit provident fund contributions on behalf of employees, to register employees in the fund, distribute annual statement of individual accounts, fill in accurately and certify refund of benefit applications and pay regularly housing loan installments. The employer is legally bound to do them. He is also bound to provide information and documents sought by the Commissioner General of Labour or any of his authorized officers.

A member has a right to obtain a loan from a house and property loan granting authority offering as security his provided fund balance. It is also possible to obtain a second loan if he has regularly and unfailingly paid the loan installments and has won the confidence of the lending institution.

It has to be specially mentioned that in case of default of payments of the loan installment, recovery of the default amount would be made good from the members

provident fund balance with the attendant risk of losing his old age retirement security cover.

The information required for both the employer and employee is lucidly explained in this handbook. I would kindly request you to read this handbook thoroughly and draw the maximum benefit from it.

I would extend my heartfelt thanks to every one who devoted their time and effort to bring forth this handbook.

Mahinda Madihahewa
Commissioner General of Labour

Labour Secretariat
Narahenpita
Colombo 5

MESSAGE OF THE SUPERINTENDENT OF THE PROVIDENT FUND

The Employees' Provident Fund is the largest single retirement benefit fund in Sri Lanka. The Commissioner of Labour as the Administrator of the fund and the Employees' Provident Fund Department of the Central Bank acts as the trustee of the fund through the use of appropriate methods and systems provide an economic life support to employees who do not receive a monthly pension after retirement and the guidance of the fund with a sense of dedication is well appreciated.

A host of different types of modernizing trends have been organized to make the functioning of the provident fund more efficient. With this end in view the Employees' Provident Fund Department of the Central Bank with the active cooperation of the Labour department have prepared "A Handbook of the Provident Fund" with instructions on the working of the fund and we hope that it would serve as a guideline for the benefit of both the employer and the employee. While providing a solid backbone for our efforts to manage and maintain the functions of the Employees Provident Fund with more efficient and accurate systems you also help the fund members to avail themselves of benefits without any undue delay.

I believe that a proper digestion of the contents of this handbook will encourage the employer to fulfill his obligations more responsibly.

As the Superintendent of the Fund it is my fervent wish that this noble expectation be completely realized.

N J Perera
Superintendent
Employees Provident Fund

MESSAGE OF THE COMMISSIONER OF LABOUR

The Provident Fund established in 1958 as a social security system to look after the retired employees of the private sector and the government corporations, at present, has a cumulative collection of almost Rupees 4 Billion in the fund. The total number of members account stand at 10 million of which 2 million are active member accounts. The idea of launching this handbook is to enable both the employer and the employee to acquire an awareness of the principal objectives of the fund which consist of a large membership and a large fund.

We have attempted in this handbook to provide the employer with an elaborate detailed account of how best he could respond to make the retired life more secure to the employees who toil hard to help him succeed in his business objectives.

This handbook has also presented to the members of the fund who constitute the working mass, a detailed account of all what they should know as members of the fund. It is expected by this awareness that the members of the fund would become knowledgeable to make timely application for the refund of benefits and how best the individual members should act to maintain their individual accounts without discrepancies and thereby making the fund perform a social service through this awareness.

I would extend my heartfelt thanks to the editorial staff of the provident fund for the time and effort spent in producing this handbook.

W J L U Wijayaweera
Commissioner of labour (EPF)

VOTE OF THANKS

The Employees' Provident Fund mandated by Act No 15 of 1958 and established to provide a shelter to the retired employees in the government and the private sector for both pensioners and non-pensioners is only second age wise, to the Malaysian Provident Fund. It has now been realized that in comparison with other provident funds around the world, our forward march had been rather sluggish and discrepant.

We have to travel many more miles to keep abreast with other provident funds the world over or to be a real life support to the retired pensioners. A few strides have been made in the right direction. The principal aim is to move forward towards a system, which will enable employees to obtain refund of benefits almost at the commencement of the retired life by the use of a more efficient computer network and cost effective administrative and management controls.

The awareness of the relevant parties of the fund, namely employers, employees and the fund managers is a pre-requisite for the accomplishment of this onerous task. In my view the launching of the handbook of the provident fund is a landmark and one aspect of this awareness programme. I wish to thank the Deputy Governor Mr. W A Wijewardena for his wise guidance and advise offered to the successful completion of this task and my heartfelt thanks to Assistant Governor Mr. P D J Fernando, our Superintendent Mr. N J Perera, Additional Superintendent Mr. S Somapala and Commissioner of Labour Mr. W J L U Wijayaweera. I also wish to thank Commissioner General of Labour Mr. Mahinda Madihahewa for his inspiring special message.

I am grateful to Senior Assistant Superintendent Mr. S A L Muthukumara who lent a big hand in my work, Mr. Ajith Kannangara for his coordinating work and Mr. R U G Rajapakse of doing the cover page.

I would extend my deep appreciation to all officers for their patronage and contribution of articles for your benefit at the expense of their valuable time and effort.

I also extend my appreciation to M/s Rajitha Karunasekara for her efficient type setting in the preparation of this handbook.

I also wish to thank K S U Graphic Printers for efficiently printing this handbook in an attractive manner.

Thanks

Jayantha Badrani Sumanabandara
Deputy Superintendent
Employees' Provident Fund Department

2005.11.25

English Translation:

By: Mr. B G P Jayasooriya
Ex. Central Banker

Edited by: Mr.s J B Sumanabandara

**THE RESPONSIBILITY OF THE DEPARTMENT OF LABOUR
AND PROVISIONS UNDER THE ACT IN RELATION TO THE
EMPLOYEES' PROVIDENT FUND**

The Employees' Provident Fund is the social security system established for the purpose of providing a protective cover for the retired life of employees of the private sector and corporations who work for the economic upliftment of the country.

The Employees' Provident Fund was set up in 1958 for the future benefit of workers who ceased employment after retirement and lost employment due to illness. All the employees other than employees in Government and Local Government services are eligible to become members of this fund. However, employees in approved provident funds and approved pension fund schemes established with the approval of the Commissioner of Labour and are secured by such funds, need not be members of this fund as their retired lives are secured by those approved funds.

The Provident Fund established under Act No 15 of 1958 provides the legal framework and functioning with effect from 1st June 1958 had been subjected to amendments from time to time.

The Commissioner of Labour in addition to monitoring the compliance of the legal requirements through district labour offices spread throughout the island also oversee the collection of provident fund contributions and maintenance of the fund while the Central Bank monitors the fund investments and oversee the maintenance of individual member accounts.

In terms of the primary objectives of the fund the responsibility devolving on the employer fraternity is to provide a secure retired life for the employees of the fund and the enthusiasm of the employee community about their membership and the maintenance of relevant particulars in individual member accounts without discrepancies is a need of vital importance. In the chapters that follow in this handbook, details of how best both parties should interact in the discharge of each one's responsibilities have been vividly described and our intention is not only bring forth a fruitful and contented workforce but

also produce a much closer worker friendly employer fraternity by the proper observance of the guidelines and information provided.

The responsibility of the Department of Labour towards the Employees' Provident Fund

The monitoring of the administrative functions of the Provident Fund falls within the ambit of responsibility of the Commissioner of Labour. Accordingly the following functions come under his purview.

1. Registration of employers
2. Registration of individual members
3. Action against non-payment of contributions to the provident fund
4. Recovery of surcharge on late contributions
5. Acceptance of applications for refund of benefits and issuance of letters of determination
6. Amalgamation of members accounts
7. Approval of housing loans
8. Monitor all administrative functions of the fund

Employees' Provident Fund enactments

It is presumed that every citizen is aware of the law. It is therefore important for the employees of the fund as well as the employers to be aware of the provident fund law. The following enactments pertaining to the provident fund have been passed by the Parliament of Sri Lanka.

The Employees' Provident Fund Act No 15 of 1958

The Employees' Provident Fund Act No 16 of 1970 (Amendment)

The Employees' Provident Fund Act No 08 of 1971 (Amendment)

The Employees' Provident Fund Act No 24 of 1971 (Amendment)

The Employees' Provident Fund Act No 06 of 1975

The Employees' Provident Fund Act No 26 of 1981 (Amendment)

The Employees' Provident Fund Act No 01 of 1985 (Amendment)

The Employees' Provident Fund Act No 42 of 1988 (Amendment)

The Employees' Provident Fund Act No 14 of 1992 (Amendment)

Copies of the above acts could be purchased from the Govt. Publications Bureau. Since this handbook had been prepared in compliance with the amendments enacted, the observance of the guidelines provided therein would itself be sufficient to understand the operation of the legal requirements.

What type of establishments would become liable for the Payment of Employees' Provident Fund?

Any establishment irrespective of the type or the category of employment becomes legally liable for payment of contributions to the Employees' Provident Fund on recruitment of even a single employee. However, if such an institution is a social service organization providing technical training for minor offenders, destitutes, deaf and blind, or a charity organization with less than ten (10) employees, such institutions are exempt from this liability. The household employees are not required up to now to make contributions to the Employees' Provident Fund.

What are the other Instances where Liability to Contribute to the EPF Arise?

1. Government and Local Government Institutions

Contributions to Employees' Provident Fund should be made on behalf of non-permanent employees of local Government Institutions.

2. Establishments running only with family members

An establishment utilizing the services of the required number of family members need not contribute to the EPF. However, even if one single outside employee is engaged in the family business, contributions to the Employees' Provident Fund should be made on account of the single outside employee together with contributions in respect of other family members employed by the establishment.

3. Establishments in which only Directors or Partners work

They are liable to make contributions to the EPF if they are in receipt of salaries or allowances.

Will the nature of appointment or status of an employee affect contributions to the EPF?

While the nature of employment or status is immaterial, employers have to make contributions to the provident fund in respect of employees who are permanent, non-permanent, temporary, apprentice, casual, working few hours with intermittent breaks and working less than a day. Contributions to the Provident Fund should also be made for those who are employed on piece rate basis, contract basis, commission basis or unit (output) basis although the payments made by cash or a by any other form. The payable contribution to the Fund has to be calculated upto the extent of the value of the payment to the member.

Is the employer legally bound to make contributions to the Provident Fund on behalf of the following categories of Employees?

The Employer is legally liable to make contributions to the provident fund in respect of the following

1. Those serving in some establishment even if the person is in receipt of a pension.
2. School children above the age of 14 employed after school hours.
3. Those serving in a different organization while being employed in another establishment.
4. Those employees who travel from place to place instead of engaging in a desk job.
5. Those engaged for a limited time in job with a short duration.
6. Those engaged in employment once more, after receipt of refund of benefits.
7. Those coming from abroad and engage in employment locally.

How should a business be registered in the Employees' Provident Fund?

On recruitment of the first employee and before the expiry of 14 days, the employer must complete the "D" form in duplicate and post under registered cover to the Labour Office located closer to his business premises or directly to the Commissioner of Labour. The Commissioner of Labour will promptly send to the employer a registered number with an English letter denoting his administrative district code.

Who will assign Employees' Provident Fund number and how?

It is the responsibility of the employer to assign an Employees' Provident Fund member number for his employees. The member numbers must be allocated to the employees in numerical order, number 01 to the 1st employee and number 02 to the next and so on.

The employer registration number in the Employees' Provident Fund and the number assigned to the employee by the employer when taken together will represent the Employee number or the Employees' Provident Fund member number.

For example:

If the registered employment number in the Employees' Provident Fund is 75357/A,

The 1st employee number will be 75357/A/01

The 2nd employee number will be 75357/A/02

In the event of an employee wishing to join your establishment once more after leaving your employment, it is preferred to assign a new number rather than his old member number. However, if the employee has availed himself of his refund of benefits under his old member number, he must be assigned a new member number. The number assigned should be the next number to the available last number in numerical order.

Important:-

Member numbers assigned to an employee will be his individual account number in the Provident Fund account maintained by the Central Bank. A member number once allocated to a member should not be assigned to another for any reason what-so-ever. It

would be the responsibility of the employer to sort out problems that may arise due to his failure in depositing member's contributions under the assigned individual employee's numbers. The necessity for the employers to exercise utmost care in their dealings has therefore, to be emphasized.

Who should pay Provident Fund contributions?

It is the responsibility of the employer. It would not be a sound reason for the employer to shirk his responsibility by citing employee unwillingness or any other reason.

Employee's Contribution

8% of the employee's monthly earnings +
(it must be deducted from his salary)

Employer's Contribution

An amount equivalent to
12% of the employee's monthly
total earnings should be deposited by
the employer in the provident fund.

$$\begin{array}{ccc}
 8\% & + & 12\% \\
 \hline
 & \downarrow & \\
 & 20\% &
 \end{array}$$

Total contribution should be equal to 20% of the employee's total earnings.

For Example:

If your employee's total earnings = Rs. 5,000.00

The amount deductible from employee's salary $\frac{5000 \times 8}{100}$ = Rs. 400.00

Employer's contribution $\frac{5000 \times 12}{100}$ = Rs. 600.00

Accordingly the amount payable to EPF = Rs. 1,000.00

The 20% contribution should be forwarded to the Superintendent, Employees' Provident Fund, Central Bank of Sri Lanka, to reach him on or before the last working day of the following month of salary was paid, to ensure the timely deposit of funds. Delays in the receipt of contributions will attract a surcharge. Details of surcharge amounts will appear in next page to follow.

How should the Provident Fund contributions be calculated?

Contributions should be calculated in respect of total earnings of the employee such as;

1. Salary, earnings or charges
2. Cost of living allowance, special living allowance or any other similar allowance.
3. Holiday pay
4. Monetary value of cooked or uncooked food
5. Food allowance
6. Any other remuneration that may be prescribed

How should contributions be made?

On registration in the EPF, together with the registration number, a copy of a form called "C" form will be sent to the employer. It must be perfected in triplicate and the original copy should be posted under registered cover with a cheque or a money order for the total monthly contributions in favor of Superintendent, EPF to the following address;

Superintendent

Employees' Provident Fund

Central Bank of Sri Lanka

P O Box 1299

Colombo

How should you obtain a refund of contribution forwarded to the Fund in error?

For this purpose form “Q” should be perfected and forwarded to the district labour office situated in the locality of the establishment. The district labour office will forward the form “Q” to the accounts branch, EPF Labour Secretariat (Head Office) and after completion of necessary action; form “Q” will be forwarded to Superintendent, EPF for made the payment to the pertinent employer. Request for refunds must be made within one year from the date of error payment.

What would be the loss incurred for failure to effect payment to Employees’ Provident Fund on due date

1. Employer will be liable for the payment of surcharge ranging from 5% to 50% for late payments.

Delay from day 01 to day 10	5%
Delay from day 10 to 01 month	15%
Delay from 01 month to 03 months	20%
Delay from 03 months to 06 months	30%
Delay from 06 months to 12 months	40%
Delay over 12 months	50%
2. The 8% deductible from the employee’s salary will also have to be met by the employer himself.
3. Payment of large amounts as arrears in one installment may lead to liquidity problems.
4. May result in involvement in legal battles.
5. The goodwill between employer and employee will erode
6. Will suffer loss of reputation

7. Could cause an imminent danger of even losing the property of the employer

How should employees receive certificate of membership

An employee must be registered in the provident fund within 14 days of joining. For this purpose, a set of forms, “A”, “B”, & “H” could be obtained free of charge from the labour office located in the vicinity. On perfection of the set of forms, based on the personal information obtained from the employee, it must be duly certified and forwarded to the labour office situated close to his establishment. The employee will be registered as a member by the labour office and the certificate “B” will be forwarded to the employer. The “B” card (Employee membership card) must be handed over to the employee.

In perfecting forms “A”, “B” & “H” employer is requested to examine the birth certificate of the employee, his national identity card and birth and marriage certificates of the family members and also obtain a clear impression of fingerprints of the employee. This procedure will enable the employee to face no difficulty at the time of obtaining refund of benefits of his contributions.

How should Provident Fund account of an employee who has served in a different employment be amalgamated into his new account in the Employees’ Provident Fund?

There is no need to fill afresh, forms “A”, “B”& “H” for an employee who joined your establishment after serving in a different establishment. For amalgamation of accounts, form “G” has to be perfected and forwarded to the labour office of your locality together with the “B” card of the former establishment. The membership number of your establishment will be recorded in the “B” card and returned to you. The employer should refrain from recording numbers in the “B” card contrary to these instructions.

Amalgamation will not only enhance the security of member’s contributions to the fund, but also provide an opportunity to rectify discrepancies if present, in the names and numbers of the employees.

What should be done in case of discrepant membership numbers?

The employer should prepare a report as per format provided below with his certification.

A REPORT OF CORRECTION OF EMPLOYEES ACCOUNT

Employee's registration number

Name of establishment/ estate

Year and Month	Name of employee	Incorrect member number	Correct member number	Details of contributions	Other

I certify that the particulars contained in the above report are true and accurate.

Date.....

Signature of employer
(Place rubber stamp)

If there are discrepancies in the numbers, in both, the "B" card and the "C" form contributions sent to the bank, detailed reports of such contributions covering the entire period on each member together with "B" cards of those members should be forwarded to the district labour office of the locality as per format above.

However, if discrepancies in member numbers have occurred only in “C” forms sent to the bank, a report as per above format, covering the period of contributions made with incorrect numbers should be forwarded to the Superintendent, EPF, Central Bank of Sri Lanka, Colombo 01.

What should be done if discrepancies have occurred only in “B” card?

A request must be made to the district labour office to rectify the error with reasons for such an error, together with the member’s name, incorrect membership number and the correct membership number after certifying the accuracy of the above particulars. The employer must also forward the “B” card of the employee with incorrect number.

What should be done if the Employee’s name is incorrect?

If the name has been incorrectly recorded in the “C” form at the time of sending contributions, a report with the correct name and amount should be forwarded to the Superintendent, EPF with an explanatory note and a copy should be dispatched to the district labour office located in the vicinity of the establishment.

In case the name has been incorrectly recorded while perfecting forms “A”, “B” & “H”, the employer must furnish reasons for recording the name incorrectly and forward a letter to the district labour office indicating the correct name, the member concerned should also forward a letter requesting correction of his name.

In the event of change of name by an employee, he should forward documentary evidence such as a court order permitting name change or marriage certificate, as applicable, in support, and the employee’s request has to be forwarded to the district labour office in the locality through the employer.

The importance of obtaining fingerprints of an employee correctly

A prime responsibility of the EPF section of the Labour Department is identification of an employee at the time of his application for the refund of benefits. The department has set up a fingerprint examination section for this purpose and fingerprint examination of the applicants is being performed by this unit. By placing the fingerprints clearly on “A”, “B” & “H” forms at the time of recruitment of an employee, not only facilitate obtaining refund of benefits but will also help reduce incidence of frauds and malpractices.

It is important to use instruments and inks stipulated by the department to obtain correct impressions of the fingerprints. The forms used on behalf of the employee to obtain fingerprints are indicated below.

They are named as A, B, E, G, H, I, J, K and M

What type of records should an employer maintain?

1. Salary ledgers check roll or registers in which some kind of payments had been recorded.
2. Attendance registers
3. Documentary evidence of crediting contributions to EPF (receipt issued by the Central Bank, cheque numbers, receipts of registered packet numbers etc).
4. The 3rd copy of “C” return filed and kept with you as a record.

The above mentioned records must be kept under safe custody in your establishment for production when called for by the District Assistant Commissioner of Labour or a labour officer of the District Office or a field officer or any other authorized officer.

Contact Telephone Numbers of Labour Department

Colombo 011-2564500 – 011- 2564505

Application for refund

Of benefits (Colombo) 011-2564500 – 011- 2564505 (inquiries section)

District offices Matara, Hatton, Kegalle, Kalutara, Anuradhapura,
Kandy North, Kurunegala and Ratnapura

Telephone (Colombo) 011- 2564507 (“L” section) deceased members refund of
benefits request by the next of kin
011-2564505 (“R” section) Claims returned by the Central
Bank of Sri Lanka for amendments

Fax (Colombo) 011-2564510
011-2564504

For refund cheques, account balances and other information required you might inquire
as follows;

Superintendent

Employees’ Provident Fund

P O Box 1299

Colombo

Contact Telephone numbers of EPF, Central Bank of Sri Lanka

Telephone 011-2431477, 2477220
011-2477216, 2477217
011-2477024, 2477219, 2477224 (Refunds)
011-2477050, 2477060, 2477218, 2477214 (Account balances)
011-2344373

Fax 011-2477713
011-2477714
011-2438192
011-2347862
011-2321704

Particulars and information a member of the EPF should know

Any person who obtains employment in any one of the under mentioned job categories is entitled to receive membership in the EPF. It is the responsibility of the owner of the establishment to enroll any employee under him as a member of the EPF. It is also the duty of the employee to encourage the employer to obtain his membership in the fund.

What type of job should you do to obtain EPF membership?

In this instance, the nature of the job whatever it may be, is not important.

1. Employees who are permanent, non-permanent, apprentice, temporary, casual working few hours with intermittent breaks, working short of a full day
2. Employees who work on piece rate, on contract basis, on commission basis or payment on unit basis.
3. Employees who receive monthly salaries, weekly paid or daily paid.
4. Those employees from labour grade to managerial grade and in any of the above categories

are entitled to receive membership in the EPF provided they receive payment in cash or any other form.

Calculation of contributions in the EPF

The employer is legally entitled to recover 8% of the total earnings of an employee. The employer has no legal right to recover 12% from the earnings of an employee. The employer has to contribute this percentage.

(For an example, turn over to page (06))

The employer is legally bound to forward the Central Bank of Sri Lanka with the total monthly contributions to be credited to the correct individual member's account on or before of the last working day of the following month of salary was paid. The employee as a member of the Fund has no legal right to object to this arrangement.

What is EPF member number?

When the owner of an establishment registers himself in the EPF he will receive a number with an English letter following the number. The English letter denotes the administrative district in which the establishment is situated. It could be a number as indicated below.

For Example 85451/D

For the purpose of registration in the fund the employer must allocate a number to the employee. The members will be allocated consequent numbers such as 1, 2, and 3 in the order of their joining the establishment. If the number assigned by the employer is 03, the registration number of the employer together with the number assigned by the employer will jointly represent the EPF number as indicated below.

For example 85451/D/03

The next employee joining the establishment will carry as his employee member number 85451/D/04 and the subsequent member number will be 85451/D/05. The member numbers should continue in serial order.

Your own membership number will be your EPF number, and as such it can never belong to any other employee on any given day. Irrespective of whether you continue to remain in your employment or not, you are the only rightful owner of your membership number. (Please see [page 5](#))

How do you obtain the “B” Certificate (Card)?

The employer is legally bound by the provisions of the EPF Act to forward “A”, “B” and “H” forms to the district labour office situated close to the establishment within 14 days of recruitment of an employee. The employee may remind the employer to forward them to district labour office if the employer has not done so. The district labour office or the sub labour office after scrutinizing the forms and countersigned by the Commissioner of Labour (EPF) will forward it to the employer to hand it back to the employee. It is an

employee's member certificate. Keeping the certificate in a secured place will facilitate work connected with the provident fund. Placing fingerprints clearly in 'A', 'B' and 'H' forms and the availability of certified copies of birth and marriage certificates and personal data as per National Identity Card (NIC) information will become helpful to obtain refund of benefits without a delay. It is therefore a responsibility, in the interest of the employee, to furnish accurate personal data to the employer. The employees should carefully scrutinize whether the relevant information is accurately recorded in the cards at the time of placing their signature and the thumb impression.

Important

The name as it appears in the birth certificate and the NIC should; only be used in perfecting forms and refrain from using other names used in their day to day dealings.

Is another "B" certificate required when leaving the present employment and joining another?

Not necessary. Hand over the "B" certificate obtained from the previous employer to the new employer and assist him in perfecting form "G". The "B" certificate and the perfected "G" form have to be forwarded to the district labour office situated close to his establishment by the new employer. The district labour office after completion of necessary action will forward to the employer the "B" certificate with the new employee's number recorded, to be handed over to the employee. The employee or the employer has no authority to make alterations to the "B" certificate and if, subjected to alteration will stand liable for cancellation.

What should be done in case of loss of "B" certificate?

In case of loss of "B" certificate, it would be possible to obtain a duplicate certificate from the Commissioner of Labour by perfecting new "B" form and enclosing a money order to the value of Rs.1/- in the name of Commissioner General of Labour and indicating the paying office as "Colombo". The member could also obtain a duplicate of the "B" certificate by personally calling over at the Central filing section, 9th Floor, Labour secretariat, Colombo 05 and paying Rs.1/- as cost.

How can you get the name in the employees “B” certificate corrected if the name is wrong?

The following particulars and documents are necessary for this purpose.

1. A letter from the employer certifying that the name in the “B” certificate and the employees correct name represent one and the same person bearing employee number..... and that there is no other person identifiable by the above names.
2. Members certificate of birth or certificate of registration of marriage (if consequent to marriage a name change has taken place, the certificate of marriage instead of the certificate of birth should be forwarded) photocopies of the above certificates should be forwarded duly authenticated by the present officer in charge of the certificate issuing authority.
3. Photocopy of the NIC (certified by the Grama Sevaka to the effect that it represent the relevant person and no other and countersigned by the District Secretary). Authentication of photocopies could also be done by the Assistant Commissioner of Labour in the district office or by the senior labour officer.
4. “B” certificate

A request should be made to the district labour office indicating the manner in which the name of the employee should be altered together with the above particulars and documents.

The amended “B” certificate will be forwarded to the employer after correcting the name in the documents and in “A” & “H” forms at the office of Commissioner of Labour.

What should be done if the name in the Central Bank differs from the name in the “B” certificate” and how would you know it?

Check whether the name in the “B” certificate match with the name in the annual statement of accounts issued by the Central Bank of Sri Lanka. If there is a discrepancy in the name, it should be corrected with the concurrence of the Central Bank of Sri Lanka.

What should be done if the employee number is incorrect?

A request must be made by the employee to the employer to correct the number after convincing the employer that the member number is incorrect. It is the responsibility of the employer to correct it. If there is no response by the employer, a complaint could be made to the district labour office in the locality and seek their assistance to resolve it.

Can you name a nominee to receive refund of benefits?

It could be done at the time of registration itself, in the Employees’ Provident Fund. Nominees could be named by perfecting “H” form and forwarding together with “A” & “B” forms. It is possible to nominate one or more persons. At the time of perfection of the “H” form, the employee must indicate the share of benefits receivable by each nominee. Unmarried person could nominate anyone while a married person could nominate the spouse (husband/wife) and immediate family members such as children, parents, brothers and sisters.

A member could also revoke a nomination made earlier and form “I” should be used for this purpose. If a subsequent nomination is required form “J” should be perfected and forwarded to the district labour office situated in close proximity to the establishment.

Upon the marriage of a member, nomination made before marriage become cancelled and null and void. On the death of a nominee, the right of the nominee stands revoked.

If the nominee is a minor a trustee could be appointed to function on his behalf. Refund of benefits could be paid to him and when the nominated minor become an adult on completion of 18 years, the appointment of the trustee will automatically get cancelled.

On the death of a member without a valued nomination the refund of benefits will be made to the heirs of the deceased member.

Can a housing loan be obtained by keeping the provident fund balance as security?

A loan could be obtained only for following purposes.

1. To build a house
2. To purchase land for house construction
3. To purchase a house with land
4. For improvement of an existing house
5. To redeem a mortgaged house

How do you obtain refund of benefits from the EPF?

A member eligible to claim refund of benefits should obtain a Form K from and the set of instructions from a labour office and after perfecting it legibly, should obtain from the last served employer a certification in part II of the form together with “B” certificate and the under mentioned records, forward to the Commissioner of Labour (EPF). A receipt will be issued in acknowledgement of the application. If the last served establishment remains closed perfect and forward a form containing personal data certified by the Grama Sevaka and countersigned by the District Secretary (documents required to obtain refund of benefits under different reasons will be detailed as and when it applicable.) together with a letter of indemnity.

When forwarding the application, remember to write the name and address of the applicant in the postcard attached to the application. The postcard will be returned as an acknowledgement of receipt of the application with a reference number assigned to you. As the acceptance of refund applications have been decentralized for your convenience,

applications can be handed over to the district labour office or to a sub office located close to your place of residence. You may also handover your applications either to the head office of the Department of Labour at Narahenpita or to the EPF Secretariat at Colpetty.

The importance of placing fingerprints legibly

The Commissioner of Labour must be satisfied about the identity of the member when refund of benefits is made. For this purpose the availability of clearly readable fingerprint of the member is regarded as a necessity of vital importance. This would also ensure the security of member's funds.

At the time of joining an establishment, the employee could assist the employer by placing legible fingerprints in 'A', 'B' & 'H' forms. It is also important to place your fingerprints legibly in the "K" form after completion of your tour of duty. At this stage by comparison of fingerprints placed on forms 'A', 'B' & 'H' at the time of joining an establishment with the fingerprints placed in form "K" forwarded at the stage of refund claim would facilitate authentic identification of the employee. This would ensure safety of refund of benefits and prevent any attempt by a third party to obtain benefits fraudulently.

When can you claim refund of benefits?

01. When you reach retirement age and ceased the employment

The entitlement for refund of benefits arises, for males on completion of 55 years and females on completion of 50 years and leave employment after retirement. Such persons should perfect form "K" and with completion of section II of the form by the last employer forward together with "B" certificate and a copy of the birth certificate that certified by the Additional Registrar General through the same last employer. It is important that the employer certify in his own handwriting, that the photocopy is a true copy of the original.

02. Leaving employment on grounds of marriage

Women employees who cease employment, less than one of the two grounds stated hereunder will become eligible to receive refund of benefits.

- i. If marriage had been registered before the expiry of three (3) months from the date of cessation of employment, or
- ii. Cessation of employment before expiry of 5 years after registration of marriage.

Female employees under these two categories become eligible for refund of benefits. They should duly perfect part I of the “K” form and part II of the form should be duly certified by the employer and forward with the following documents.

- (a) A certified copy of the marriage certificate issued by the registrar of marriage who registered the marriage or marriage certificate issued by the additional district registrar.
- (b) A certificate issued by the Gramam Sevaka countersigned by the District Secretary to the effect that the marriage did take place.
- (c) “B” certificate

03. Cessation of employment due to total incapacitation

A “M” form could be obtained from the Commissioner of Labour by forwarding a medical certificate from a doctor in a Government Hospital issued in form “Health 307” stating that it is no longer possible to engage in work. You will receive together with “M” form required detailed instructions. The Commissioner of Labour thereafter, will direct the member to a medical board for examination.

04. Cessation of employment on leaving to a foreign country for permanent residency

A form “K” annexed with “B” certificate and following documents to be forwarded to EPF office of the Labour Department at Colpetty (prefer if presented in person).

- (a) Permanent resident visa with a photocopy
- (b) Original of the passport with a photocopy

05. When engaged in a permanent pensionable post in Government or Local Government service

Those employees in permanent pensionable posts in government or local government service should perfect a “K” application together with “B” certificate; original letter of appointment with a photocopy should be forwarded to obtain refund of benefits. The original of the letter of appointment will be returned. The photocopy needs to be certified as a true copy in your own handwriting. You should also obtain from your present head of department a certificate on a letterhead that you are employed under him at the time of application.

06. Obtaining refund of benefits when government institutions become corporations, closure of corporations, and retrenchment of excess staff, nationalization, and resignation consequent on conversion into companies.

The members who ceased the employments on following instances are entitled to withdraw the benefits under this category.

- i. On conversion of government owned business undertaking or a corporation into a public company
- ii. On conversion of government owned business undertaking into a corporation
- iii. Retrenchment of excess staff in a government corporation
- iv. Closure of Government corporation or government owned business undertaking

The retrenched employees of the above establishments with a letter obtained either from the competent authority; liquidator or the human resources manager explaining their position should forward the “K” application and “B” certificate. Refund of benefits, in the circumstance, would be paid only to those employees whose retrenchments have been approved by the Commissioner General of Labour.

How should you obtain refund of benefits of a deceased member?

If the deceased member has made a valid nomination, the nominee has a right for the benefits.

If the deceased member has not made a valid nomination, under law of inheritance, the legal heirs could request for refund of benefits.

Each of heirs claiming refund of benefits of the deceased member should perfect form "L" certified by the employer under whom the deceased was last employed together with the under mentioned documents with a request to the Commissioner of Labour.

1. The death certificate of the deceased member
2. IF the wife is applying the marriage certificate
3. Birth certificates of children
4. Birth certificate of the deceased member when parents apply
5. In case of minors, details of the guardian in L3 form (A letter addressed to Commissioner of Labour through the Grama Sevaka and District Secretary certifying the name of the guardian, minor children's names & their ages)
6. Personal data details of the deceased member in form L2 certified by the Grama Sevaka and the District Secretary.

What should a member who has obtained a housing loan do when applying for refund of benefits?

He will have to act as follows;

1. Has applied for a housing loan but not obtained yet

The original and the duplicate (white and pink copies) of certificate of balance EPF loan (form No 02) should be forwarded together with the application in form "K".

2. When housing loan obtained had been settled in full

At the time of application for refund of benefits, if the loan obtained had been settled in full, application form “K” should be forwarded together with 04 copies of the housing loan Form 14 perfected in quadruplicate.

3. When a balance is still available to be paid in the housing loan

An application in form “K” should be submitted with housing loan Form 14 that perfected in quadruplicate and certified by the relevant loan granting authority and the District Assistant Commissioner of Labour. The delay that may occur in the course of transaction could be minimized if a current or a savings account is opened in the same bank branch and details are indicated in form “K” (if the loan granting bank branch is far away, he could indicate an account number of a bank branch close to him. Central Bank of Sri Lanka will obtain confirmation from the loan granting bank and release the provident fund money).

The work process of the refund application undergo after submission

The information contained in your application is checked by the Commissioner of Labour with the records available with him. If the information in the application does not tally with his records, the application will be returned to you with a letter indicating the discrepancy. If the information contained in your application tallies with records, a Letter of Determination will be sent to the Central Bank Sri Lanka with a copy to you. The information contained in the letter of determination will be checked by the Central Bank of Sri Lanka records and if it tallies, action would be initiated to process and make the refund payment.

General conditions applicable for refund payments

1. If there is a discrepancy in the name in refund application forwarded by an employee, with the name in the records in Commissioner of Labour’s office, a letter through the employer who provided the employee membership number must be forwarded certifying that both names represent one and the same person and the number allocated does not belongs to any other person. A letter should be obtained from the employer and forwarded to Commissioner of Labour if

employee number is incorrect with the name of employer who owns that number, the applicant's correct membership number and with reasons for recording the number incorrectly. If the same membership number had been assigned to two members, a letter as indicated in paragraph 3 below should be forwarded to rectify the error.

2. If the name of the employee in records available in the Central Bank of Sri Lanka differs from the employees name indicated in the refund application, a letter through the relevant employer should be forwarded to the Commissioner of Labour certifying that both names represent one and the same person. You should remember to quote in your letter Commissioner of Labour's reference no: (My no.....). Affidavits will not be accepted for name change.
3. If contributions have been made to two employees under one employee number, contributions made to both members with details (such as year, month, and amount) should be forwarded to Commissioner of Labour after obtaining Commissioner of Labour's Reference No. (My No.....) from the employer.
4. Applicant will receive a postcard in acknowledgement of receipt of application. The work connected with the refund application thereafter, will be completed within six (6) weeks. If the refund application is not processed within six weeks, please remember to quote the reference number (My No.....) in respect of all inquiries made on this account.
5. Marriage certificates, birth certificates, appointment letters and death certificates will be subjected to close scrutiny. Those who forward forged documents will be prosecuted.

What should a member do to enable the Provident Fund accounts to be properly maintained by the Central Bank of Sri Lanka?

For this purpose;

- The employer must be provided with the employees correct name (name with surname, name with initials) as indicated in the National Identity Card.
- The NIC number should be furnished correctly
- Examine to ensure that name in members certificate (“B” certificate/ “B” card) is correct.
- The membership number, name and balance indicated in the Member’s Annual statement of accounts should be scrutinized to verify accuracy.
- At the time of application for refund of benefits or when applying for a housing loan, or when forwarding a “G” form for amalgamation of accounts, the names and NIC number should be used, as it is.

The functions performed by the district labour offices.

1. Registration of establishments in their district
2. Collection of “A”, “B” & “H” forms for registration of employees in establishments within the district and work connected thereto.
3. Amalgamation of accounts
4. Take action against employers who do not make provident fund contributions regularly (under payments, over payments, non-payment or late payments)
5. Summon employees as and when necessary, and conduct investigations or visit premises, conduct investigations and seek legal remedies or give guidance, and advice employers, to ensure proper conduct of affairs.
6. Produce in courts, the errant employers as and when necessary.
7. Accept duly perfected refund applications of the employees and forward to head office for necessary action.
8. Processing of loan applications under EPF loan scheme.

THE RESPONSIBILITIES OF THE CENTRAL BANK OF SRI LANKA TOWARDS THE EMPLOYEES' PROVIDENT FUND

The Provident Fund established under the EPF Act No: 15 of 1958 for the benefit of private sector and government corporation employees who do not receive a monthly pension in their retired life and primarily aimed at safe guarding their social standing and self respect, is the largest saving institution and the most important social security scheme covering about 30% of the working community with assets running to over Rs.400 billion has won the acclamation of the people.

The principal aim of the fund is to provide retirement benefits to employees of both private sector and government corporations who do not receive a pension payment. The provident fund, functions as a compulsory retirement contributory scheme funded both by the employee and the employer.

In terms of the provisions of the EPF Act, the administrative functions of the fund are performed by the Department of Labour while the responsibility of fund management is entrusted to the Central Bank of Sri Lanka.

The functions of the EPF are being constantly updated taking into consideration the current global trends and application of the latest techniques of the new information technology. The EPF remains constantly mindful of ensuring the safety of funds and its investments, to provide the maximum return on investment of provident fund balances of its members, to give maximum return of benefits to members by efficiently discharging the fund responsibilities and effectively handling member requirements to provide an efficient service.

The responsibilities of the Central Bank of Sri Lanka with regard to the Employees' Provident Fund

As the trustee of the Fund Central Bank of Sri Lanka engages in the functions mentioned below;

1. Collection of members contributions, surcharges and income on investments
2. Maintenance of accounts of both employees and employers
3. Crediting annual interest to members' individual accounts on their balances in the fund.
4. Invest excess funds with considering the security and maximum returns by diversifying the investment portfolio.
5. Preparation of annual accounts of the provident fund.
6. Issue of members' annual statement of accounts.
7. Issue of certificates of balances for housing loan purposes.
8. Amalgamation of accounts on Commissioner of Labour's instructions
9. Effect refund of benefits in accordance with letters of determination issued by the Commissioner of Labour.

Maintaining of members accounts by the Central Bank of Sri Lanka (CBSL)

At present, CBSL is maintaining about 10 million individual member's accounts. Out of these 10 million accounts contributions are being received only in respect of about 2 million and the balance 8 million are inactive accounts. However, these accounts are being updated by crediting annual interest. The existence of a large number of non

contributory accounts is due to the relevant members not to show sufficient interest to amalgamate their earlier accounts to the current contribution accounts when leaving one employment and joining another. There are also among non-contributory account holders, the members who have left employment and awaiting till they reach to the retirement age to obtain refund of benefits are also among the non-contributory account holders. However, there are only a few such cases. The maintenance of a large number of such non-contributory accounts not only pose problems to the CBSL but also is an imminent risk to the members. In addition, this could lead to delay and many other problems at the time of obtaining refund of benefits. All members are therefore advised to amalgamate to one account instead of maintaining multiple member accounts. This could be done by perfecting and forwarding to Commissioner of Labour through the employer a certified “G” form together with the “B” card relevant to his previous employer. Further information on this could be obtained from the nearest district labour office. If you have not provided the National Identity Card number (NIC) to the CBSL you should provide through your employer the relevant NIC to the Central Bank.

How do employers make contributions to EPF

It is the responsibility of the employer to send relevant monthly contributions of the members to the provident fund to reach the Central Bank before the expiry of the last working date of the following month.

Employers are repeatedly advised to stick to timely remittance of funds and avoid delays, as failure to remit contributions to the fund on the due date could attract surcharge payments. Timely remittance would be a boon to them as well as to employees, to the Central Bank of Sri Lanka and to the Department of Labour. Discrepancies in cheques and money orders forwarded may result in returning them back to the employer. Cheques may be returned due to non availability of funds in their accounts, cheques without signatures, failure to indicate the correct account name to be credited and incorrect and illegibly scribbled value and date. Delays in making timely contributions consequent to the above shortcomings may result in payment of surcharge. It is therefore

extremely important to be vigilant about the accuracy and validity of cheques or money orders forwarded to EPF.

Media of Contributing

- (a) Cheques
- (b) Money orders
- (c) Bank drafts
- (d) Cash payments (only to Bank of Ceylon, Taprobane/Corporate Branches or People's Bank 1st City Branch)
- (e) Inter Bank Direct Debits

Considerations to be taken into account in forwarding cheques and money orders

- Value in words and figures should be correctly written
- Total value indicated in “C” form should tally with amount shown in Cheque/money order
- Cheque should be drawn in favour of Superintendent / Employees' Provident Fund
- Should be signed by the relevant officers
- Every alteration in a cheque should be signed by the relevant officers to certify the alterations.
- Stale cheques or post dated cheques should not to be forwarded.
- Provide for funds in bank account when presenting a cheque for payment.
- Cheques drawn in favour of EPF, other relevant documents and records could either be posted or handed over in person to Superintendent/ EPF

Forms to be submitted with monthly contributions

In terms of the number of employees in an establishment, this is divided into 2 types as with less than 150 employees and with over 150 employees. Establishment with less than 150 employees should perfect accurately and forward the “C” form, posted monthly by

the Central bank well in advance, together with the monthly contributions to the Central Bank.

Establishments over 150 employees should forward the EPF monthly contributions together with a C1 form and are also provided with the convenience of forwarding details of contributions once in 6 months. The C3 return with details of members' contributions for the period January to June should be forwarded to the CBSL with a copy to the Commissioner of Labour on or before 31st July and C3 returns duly perfected accurately for July-December should be forwarded to CBSL with a copy to the Commissioner of Labour on or before 31st January of the following year.

Collection of contribution details through electronic media

It had become difficult to issue timely statement of accounts to the employees due to accounting delays. The delays in receipt of contributions, mismatch of totals in C1 and C3 returns, discrepancies in names and incorrect member numbers of contributions as a result. To overcome these problems a new method of electronic collection of contribution details had been introduced making the process of fund collection more efficient.

How would you pay interest on fund balance in Employees' Provident Fund?

After setting off the operational expenses and make appropriate reserves, the balance funds representing the net interest income received on investment of the fund monies and the capital gains derived from secondary market operations taken together and calculated on year ending balances in members accounts are credited as interest to members' accounts.

How would you know the balance in the members account?

Central Bank of Sri Lanka issues half yearly statement of accounts of the members of the fund and dispatch them to employees. It is the duty of all the members to obtain their individual statement of accounts from the employer and examine and see whether their contributions have been properly credited to their accounts. As at present half yearly statements are forwarded only in respect of active account holders in receipt of contributions. Account holders who do not remit contributions to the fund could obtain their statements of account balance by post to their private addresses from the Superintendent of Employees Provident Fund by making a request by letter. They could also obtain their statement of account balances by providing their national identity card at the inquiries counter at the Ceylinco building at No. 69, Janadhipathi Mawatha, Colombo 01. There is a project launched at present to register the members who do not receive contributions to their accounts to dispatch annual statements to their private addresses after perfecting the relevant application form and registering themselves.

Rectifying the incorrect name in the annual statement of accounts

If there is a discrepancy in the name of the members statement of accounts, a certified letter by the employer together with a request by the employee should be forwarded to Superintendent of Employees' Provident Fund to the effect that the name in the statement and the correct name of the member represent one and the same member and the name in the statement should be corrected as indicated in his letter. If the name of another employee in the same establishment is included under the employees name it is possible that contributions of both are included under one member number. In such an event the relevant establishment must make a request to the Superintendent of Employees' Provident Fund to credit funds to the respective members account by providing contribution details of both indicating their account numbers and name. Further clarification on this matter is available under amendment of accounts.

What are the important matters to be taken into consideration in forwarding applications for refund of benefits?

1. Details in the application should be perfected completely and accurately.
2. It is of extreme importance to indicate the Employees' Provident Fund member number, name and the number of the National Identity Card.
3. The account number of the bank to which refund of benefits would be credited, name of bank and name of branch and the name as appearing in the bank account should be neatly and accurately indicated.
4. If a housing loan had been obtained, refund of benefits must be credited to an account in the same bank. Housing loan form 14 should also be forwarded at the same time certified by the bank and the Assistant District Commissioner of Labour. If a housing loan had been applied and not yet obtained, the original and the duplicate housing loan form No 02 should be attached (please see page 19 for special occasions).
5. Refund of benefits could be obtained faster if there is a bank account in a bank which is in the inter bank payment system (SLIPS).
6. The "D" form containing the contributions for the last six months must be perfected properly and certified by the employer in establishment with over 150 employees.
7. Should carefully examine to ascertain whether the last month of contribution had been correctly recorded.
8. Certificates that should accompany applications for refund of benefits under different categories should be attached to the application.

9. If the name in “B” card, in the National Identity Card, in the birth certificate, in the bank through which refund of benefits would be obtained and the name of the member in the annual statement of accounts varies with one another, a letter should be forwarded from the employer together with the application confirming that all names refer to one and the same person only.

The work process from the refund of benefit application is forwarded upto the refund payment

1. The Commissioner of Labour will issue a letter of determination to the Central Bank of Sri Lanka to release refund of benefits provided the details in the application tallies with the relevant records at Labour Commissioner’s office and Commissioner of Labour being satisfied about the release of refund.
2. When the applicant receives the copy of the determination letter and after scrutinizing the details recorded therein namely, member number, member’s name, other names, name of bank to which refund monies are credited, the name of bank branch and the account name in the bank should promptly inform the Commissioner of Labour, with a copy to the Central Bank if there are discrepancies.
3. On receipt of the letter of determination by the Central Bank of Sri Lanka, the information contained therein scrutinized with bank records and if found defective due to discrepancies, will return the letter of determination with the necessary instructions to the Dept of Labour with a copy to the employee.
4. The letters forwarded by the applicant after correction of the discrepancies should be forwarded through the employer to Commissioner of Labour and on correction of records accordingly, letters of determination will once again be forwarded to the Central Bank of Sri Lanka.

5. If the information in the letter of determination tally with the records maintained in the Central Bank will process the refund application and release funds in terms of instructions contained in the letter of determination.
6. In making payment of refund monies by using inter bank payment system, the money is directly credited to his bank account under advice to the member. In instances where it is not possible to make payment through inter bank payment system, payment of refund will be effected through cheques drawn in favour of the beneficiary and posted under registered cover to member's private addresses.
7. In case of an extremely compelling situation, Central Bank has made arrangements for the claimant to visit the Central Bank personally and on establishing his identity and the extreme urgency will hand over the refund of benefit cheque to him.

What are the new innovations introduced to provide information and services to members, employers and the general public?

1. The final accounts of the Employees' Provident Fund are publicized through the print media.
2. Paper advertisements are inserted for the information of the members and the employers when annual and half yearly statement of accounts of the members are to be published.
3. A provident fund internet website www.epf.lk was launched in 2002 and on visiting the website latest information on the provident fund could be obtained.
4. Members of the public who visited various exhibitions and participated in mobile services had been provided with information and advisory service. On such occasions statement of balances of members had been provided by directly linking with the Central Bank computer network.
5. Arrangements have been made to conduct mobile services to make officers in establishments more knowledgeable and to check on information available and

- update information network covering member names and numbers. This programme has targeted the estate sector and spread over later to other sections.
6. A series of seminars have been organized to make subject officers in establishments more knowledgeable and a few seminars have already been held at the Central Bank Centre for Banking Studies. Arrangements have also been made to conduct Seminars Island wide at district level.
 7. EPF help desk had been set up to provide information and advice on Employees' Provident Fund matters. It is expected to provide a unique service to the members of the provident fund. By linking with the EPF help desk at the Central Bank, you could obtain the required information by dialing 011 2 338 683, 011 2477050, 011 2477060 and fax 011 2343191 and e-mail: epfhelpdesk@cbls.lk.

COLLECTION OF CONTRIBUTION DETAILS THROUGH THE
ELECTRONIC MEDIA

Under this system collection of contribution details will be processed by the electronic media through computers instead of gathering contribution details written down in traditional “C” form. Employers using computers in processing salary particulars in their establishments would be able to do this task easily without incurring heavy costs. The monthly contribution details thus processed through the electronic media could be forwarded to the Employees’ Provident Fund. This could be done in two ways;

- i. The above information could be stored in a diskette and dispatched to Employees’ Provident Fund. For this purpose a diskette measuring 3.5” formatted in dos system may be used.
- ii. This information could be transmitted by e-mail by using electronic mailing address epfc3@cbls.lk

The details of contributions of employees should be processed as two computer files and the file type should in Ascii.Text. One file should contain particulars of the employer and should be named as EVEMPL.TXT. The other file should contain particulars and information on members and contribution details and should be named as EVCONT.TXT (please turnover to pages 67-68 for relevant instructions). It will be the responsibility of the employer to prepare files, which would be computer virus free copies. Computer files thus received are forwarded for data processing purposes through the computer division of the Employees Provident Fund.

Files used in accordance with the above system will contain contribution details only. Arrangements should be made to send the relevant monthly contribution also to the Employees Provident Fund. This could also be done in two ways;

1. When furnishing details through the electronic media (when a diskette is physically carried). Payment could be made by cheque.
2. Payment effected through the Direct Debit System.

Direct Debit System

The employer while maintaining an account in a commercial bank should provide his consent to the bank to directly debit provident fund contribution from his bank account. The necessary form for this purpose could be obtained from any commercial bank (please see annexure for a specimen form). The grant of consent must be conveyed to EPF. In terms of the employers consent, provident fund will obtain a direct payment from the employers bank account as monthly contribution to the fund. The employer should however ensure sufficient funds are available in his account to debit his monthly provident fund contribution from his bank account. By forwarding monthly contribution details by e-mail and consenting to debit direct form his account the employer is able to remit his monthly contribution accurately and on a timely basis.

Overall, this system will provide many benefits to the provident fund, employer and the employee.

Benefits to the Fund

Timely receipt of relevant data would enable balancing of accounts at a faster pace.

- (a) Direct input of relevant data to the provident fund database will enable retention of a high level of accuracy.
- (b) Will help to boost up efficiency due to minimizing of manual and paper work.

Benefits to the employer

- A substantial manual workload could be minimized by making use of this system as part and parcel of the salary processing system.
- As a result of regular payment of contributions, will not become liable for unnecessary surcharges.
- As contribution details surface as an outcome of computerized data, a high level of accuracy could be maintained.

Benefits to the employee

Due to timely accounting of the provident fund undue delay is minimized at the time of receiving refund of benefits. As a high level of accuracy is maintained under this system fund accounting would be error free.

MAINTENANCE OF MEMBER ACCOUNTS

Procedure of crediting of Provident Fund contributions to members accounts and the problems that could arise.

01. There are 03 main sources of receipt of contributions to the Provident Fund

- i. Forwarding of contributions to the provident fund by the employers on a monthly basis together with “C” form.
- ii. Forwarding monthly contributions to the provident fund by the employers together with C1 form and forwarding contribution details in C3 forms once in 06 months.
- iii. Forwarding monthly contributions by the employers through the electronic media with contribution details of members instead of C/C3 forms.

(i) Forwarding C returns monthly with contributions

1. Employers make use of this method in employments where the membership is less than 150 employees.
2. On receipt of C returns by the Collection Division, the contributions indicated against the names of employees would be computerized to credit individual members account with the relevant data. If contributions received tallies with the computerized contributions individual accounts of the members would be credited after 14 working days. The employers should forward contributions equivalent to the total contributions in the C return, and if there is a shortfall, the contributions will not be credited to the individual members accounts. Instead, these contributions will be credited to a suspense account with notice the employer simultaneously.

3. Instructions are given to the employers to perfect the printed C forms provided by the EPF in advance and forward to the EPF together with the contribution.
4. The C return forwarded to the EPF should bear the signature of the employer.
5. If a member has left employment it must be indicated against the name of the member in the C return.
6. The monthly contributions should be sent to the EPF on or before the last working day of following month.
7. When contributions in respect of a new member is forwarded for the first time the name (with initials) in the birth certificate/national identity card and NIC number must be clearly recorded in the C form.

(ii) Monthly remittance of contributions and forwarding C3 returns once in six months

1. Establishments should adopt this procedure with over 150 employees.
2. Contributions in C3 returns forwarded with data relevant to the contributions would be computerized to credit individual accounts of the members. If contributions forwarded by the employer covering the period in C3 return tallies with contributions computerized, individual member accounts would be credited thereafter.
3. When remitting contributions to the provident fund on a monthly basis, the printed C1 form supplied by the provident fund relating to that particular month should be used.
4. When forwarding C3 returns with contributions covering the period January – June should reach the provident fund on or before 31st July of that particular year and C3 returns covering July-December together with contributions should be forwarded on or before 31st January of the following year.

5. Late receipt of C3 contributions will impose a surcharge of 1% of the total contribution for each month of delay.
6. When forwarding C3 return you should check to ensure that the total remittances for the six months period match with the contribution total in C3 return. Employers are also requested to forward a summary report together with C3 return by which any shortfall in the remittance could be detected easily. Please see page 66 for a sample of a summery report.
7. Reasons as to why contributions in C3 returns do not get accounted.
 - Not remitting the total contributions indicated in C3 return.
 - Not remitting the contributions within the due period.
 - Not receiving the C3 return on due date.
 - Names and numbers of the members are not recorded in the C3 return.
 - Names and numbers are incorrectly recorded in C3 return.
 - Receipt of blurred photocopies.
 - Incorrect totals in some of the pages in the C3 return.

(iii) Contributions forwarded through electronic media with contribution details of employees

In this instance, contribution details and details of employees could be forwarded through diskettes or e-mail, instead of sending theses details in C/C3 returns. The contributions can be sent through the usual way you forward or by way of direct debit.

2. Recording the total earnings of the member

Indicate clearly the total earnings of the employees in addition to the contributions, the employers' contribution and the employee's contribution, in C/C3 returns. (Provident fund should receive at least a total of 20% of the earning as minimum contribution to the fund).

All relevant employers are required to deliver the diskette containing this information before 25th of each month and if the 25th is a holiday; the last date of submission of diskette would be the last working day prior to the 25th of the month.

3. Discrepancies prevalent in C/C3 returns relevant to employees names, employees numbers and national identity card number

It has become difficult to record receipt of contributions properly due to the following shortcomings observed in C/C3 returns forwarded to the EPF.

- i. Recording only the employee number without the name
- ii. Recording only the name without the employee number
- iii. Recording only the contributions to the fund without the employees name and the number
- iv. Recording the name or the number of the employee incorrectly
- v. Recording the national identity card number incorrectly or not recording it at all.
- vi. Remitting contributions to a new member under a number previously assigned to another member
- vii. Remitting contributions under the previously assigned member number to an employee who has obtained refund of benefits on leaving of employment and rejoined the same establishment (after releasing refund of benefits it is not possible to send remittances to the same employee to the same previous member number as it become inactive concurrently)
- viii. Entering a member's name without initials or entering part of the name in C/C3 returns (from the 1st month of remittance itself the name of the member must be recorded in C/C3 returns same as it appears in the birth certificate or the national identity card correctly, with initials)
- ix. Some employers practiced to include the internal member number in addition to the employees EPF number in C/C3 form (this should not happen as it may result in crediting contributions to an incorrect member number)

- x. The employer number in some C/C3 returns has not been recorded clearly and correctly.
- xi. Not receiving prompt replies for the letters that conveyed shortcomings (reply should be received before issue of statement of accounts)

8. It is of extreme importance to receive timely the contributions to the fund

Contributions should be received by the fund on or before the last working day of the following month. Failure to send timely remittance will attract surcharge payment. There are instances in which surcharge become payable due to negligence of the employer.

Examples;

- 1. Not indicating the time period applicable to the contribution remittance in C/C1 return
- 2. Recording an incorrect contribution period in C/C1 return
- 3. Not amending the contribution period in photocopies of an old C/C1 form.

9. Issue of half yearly statement of accounts of members

- 1. Two half yearly statement of accounts are issued to members from the year 1999.
 - (i) the 1st half yearly statement covers the period from January to June
 - (ii) the 2nd half yearly statement includes contributions credited for the entire year and the interest due.
- 2. The contributions and C/C3 returns received and credited during the specified time period only will be included in the statement of accounts. In any given year the C3 returns for January to June should be received before 31st July of the same year and C3 returns for July to December should be received before 31st January of the following year.
- 3. The annual statement of accounts of the members should be handed over to them and if there are discrepancies in details contained therein (members name, member number, national identity card number or in the contributions against their names) they should promptly inform the prevalence of discrepancies to the address provided in the statement of accounts.

10. Change of address in an establishment

If there is a change of address of an establishment it should be conveyed without delay to the following parties.

- (i) Assistant Commissioner of Labour, Administration Division, EPF Labour Secretariat, 356, Galle Road, Colombo 3
- (ii) Senior Assistant Superintendent, Current Contribution Division, EPF Dept, Central Bank of Sri Lanka, P O Box 1299, Colombo

As a result of the failure in informing the change of address of your establishment, you will probably be greatly inconvenienced due to the non receipt of C and C3 forms issued by the EPF Department, acknowledgement receipts and annual statement of members' accounts issued by the EPF Department of Central Bank of Sri Lanka.

AMALGAMATION OF MEMBER ACCOUNTS, AMENDMENTS
AND ISSUE OF CERTIFICATE OF BALANCE
OF MEMBER ACCOUNT FOR HOUSING LOAN PURPOS.

Amalgamation of accounts

What is meant by amalgamation of accounts is that when a member has more than one account in the provident fund, crediting of those balances in various accounts into one member account.

Although it is possible to have more than one account under different employers or a number of accounts under one employer, the balances in all the accounts under this system could be credited to one single account of a member.

1.1 Method of amalgamation

- i. The “G” form issued by the Department of Labour has to be perfected.
- ii. The perfected “G” form together with the “B” card of previous employment should be forwarded to the office of the relevant Assistant Commissioner of Labour or to the labour office.
- iii. For amalgamation, the form should forward through the current employer.
- iv. In case two or more member numbers exist, a separate “G” form should subsequently be submitted for every two numbers.

For example

- i. 5544/Q/2222
- ii. 2342/P/2555
- iii. 1212/Y/1500
- iv. 999/A/995

as indicated in 01 & 02 above, on perfection of “G” form the amalgamation could be done but a “G” form should be perfected once more and forwarded for amalgamation (2) and (3) above.

- v. On receipt of perfected “G” form the Commissioner of Labour or Deputy Commissioner or an authorized officer will certify the approval of amalgamation of employment transfer order and forward to the Central Bank.
- vi. On receipt of notice of approval of amalgamation of employment transfer order (Transfer Order) from the Dept. of Labour, the EPF Dept of the Central Bank of Sri Lanka will effect the amalgamation of accounts.

1.2 Process of amalgamation

If;

- i. Name of member
- ii. Members EPF No/Nos
- iii. And the other relevant information are accurate, the amalgamation of the member accounts will be effected.

1.3 Instances in which members accounts are not amalgamated

- 1.3.1 i. When the new member account does not have a balance (nil balance)
- ii. When refund of benefits have been paid in respect of a member number/member numbers
- iii. Obtaining a housing loan against an earlier member number or numbers
- iv. Amendment of member accounts not being finalized
- v. Discrepancy in names between 02 member numbers
- vi. Discrepancy between the Transfer Order received and the existing records of the Central Bank of Sri Lanka.

For *example*;

- i. Inconsistency in member numbers
- ii. Differences in names

	CORRECT NUMBER	INCORRECT NUMBER
22/Q/22	55/Q/553	55/Q/535

- vii. Discrepancy between the Transfer Order received and the existing records of the Central Bank of Sri Lanka pertaining to member accounts.
- viii. Amalgamation of accounts do not take place due to shortcomings in the Transfer Order.

1.3.2 Problems that could crop up due to amalgamation of accounts

If an account amalgamated once on a transfer order there is no provision to credit member contribution again to the particular previous account.

1.3.3 A new member number should be assigned after amalgamation of accounts to a member who serves the same employer over and over again.

Example:

<u>Employer</u>	Member No	
i. The Municipality – Colombo	20	} *
ii. The Municipality – Kandy	10	
iii. The Municipality – Matale	30	
iv. The Municipality – Colombo	20	
v. The Municipality – Badulla	50	
vi. The Municipality – Kandy	10	

* 4 a new number should be assigned

* 6 a new number should be assigned

When return a Transfer Order to the Commissioner of Labour under any of a reason mentioned number (i.) to (vi) of 1.3.1 above, a letter in reply will be forwarded to the labour office under advice to the relevant employee.

When forwarding letters to the Central Bank of Sri Lanka after correction of discrepancies in names or shortcomings in the applications, and if there are

further discrepancies in names, should forward necessary letters requesting relevant amendments together with the transfer order. If this does not take place, it is compulsory to forward a certified copy of the transfer order.

1.3.4 Confirming amendments in names

1. A letter obtained from the employer should confirm the discrepancies in name or names have to be produced. If the employee has worked in a number of establishments he should forward letters of confirmation from each relevant employer.

The present employer should provide confirmation of the name in the current employment.

2. If the establishment is closed or if the employer has ceased operations an Indemnity Letter should be obtained through the Grama Sevaka of the locality with an endorsement from the District Secretary and this has to be confirmed by the Assistant Commissioner of Labour or the Labour Officer.
3. A letter from the employer should be forwarded together with a certified copy of birth, certified copy of marriage or any other legally valid document when a change in the first names or a change of name consequent to marriage has taken place.
4. The relevant legal documents should be forwarded if a legal separation is sought by a married party.

Letters forwarded in connection with the above circumstances should be addressed to the Superintendent, EPF, Central Bank of Sri Lanka or the Commissioner of Labour, Employees' Provident Fund. If letters are not addressed as stated above, effecting amendments with regard to such letters may not be possible.

5. In confirming discrepancies found in names it is vitally important to forward contribution details of the member together with this letter to the Fund.

2. Employees' Provident Fund Housing Loan Scheme

A housing loan guarantee scheme is operative in terms of the Employees' Provident Fund Act No 15 of 1958, as amended by act no 42 of 1988, and

provisions made there under. The principal coordinating work under this loan scheme is performed by the Commissioner of Labour.

2.1 Bank and Financial Institutions authorized to issue housing loans under the act

- i. Bank of Ceylon branches
- ii. People's Bank branches
- iii. National Savings Bank
- iv. State Mortgage and Investment Bank
- v. Rural Cooperative Bank branches
- vi. National Housing Development Authority
- vii. Housing Development Finance Corporation

2.2 Method of issuing loans

1. Loan application obtained from the relevant Labour Office should be perfected and returned to the Labour Office.
2. Based on the information provided in the application, the labour office will forward form No 02 to the EPF, Central Bank of Sri Lanka calling for the certificate of fund balance of the member's account by the balance request form.
3. If the information in form No 02 tallies and does not vary with the information available in the Central Bank of Sri Lanka, certificate of balance or the certificate of guarantee is issued.
4. If the member's EPF account remained active during current year of application, a loan guarantee certificate upto 75% could be issued. If the member accounts not active throughout the year and due to inability of satisfy the conditions above, a certificate of guarantee up to 50% is issued.

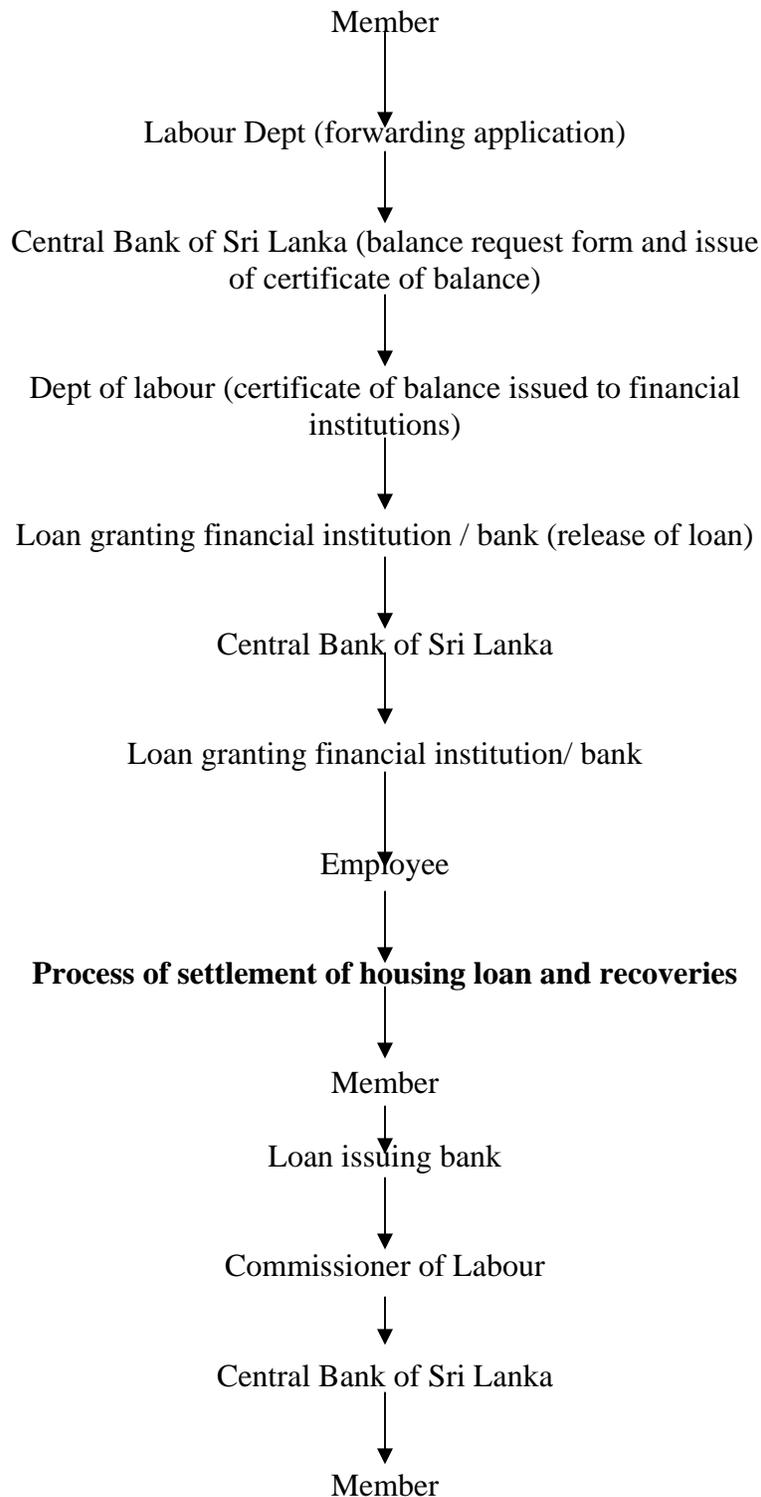
2.3 Objectives

1. To build a house
2. Effect improvements to a house

3. To purchase land to build a house
4. Settlement of a loan obtained to purchase house or land

2.4

Parties associated with the issue of housing loan



2.5 Non-issue of certificate of balance/ guarantee certificate

2.5.1 Existence of discrepancies in members accounts

- (a) Discrepancies in names
- (b) Discrepancies in member numbers
- (c) Discrepancies in balances in members accounts

Discrepancies in names – examples

Central Bank of Sri Lanka	No (2) Balance request form
Name : K D G Nimal	K G Nimal
Number: 2524/Q/253	K Nimal
	K D Nimal

2.5.2 Default of repayment of earlier loans obtained on EPF balance

When Central Bank has to reimburse the defaulted loan installments of earlier loans obtained from banks and financial institutions on a guarantee of EPF balance in breach of agreement, such members' fall into the category of non-paying defaulters. They will accordingly, loose the ability to obtain further loans once more.

2.5.3 Members accounts remaining inactive due to loans obtained earlier

An employee (Male/Female) after settlement of loan in full should forward form 14 and get the loan number cancelled and activate the account. If this is not done, at the time of grant of another loan the certificate of guarantee or the certificate of balance will not be issued.

2.5.4 Activating members account

2.5.4.1 Forwarding form 14

Form 14 should be perfected and signed by the Labour Officer or the Assistant Commissioner of Labour of the Labour Office associated with the loan. Then with the confirmation obtaining from the bank which

granted the loan, the form 14 has to forward to the EPF Dept of the Central Bank once more with a certificate from the labour office.

2.5.4.2 Presenting the original and the duplicate of the certificate of balance (white and pink copies)

The certificate of balance issued at the time of application of the loan consists of 3 copies. Two copies, the first and the second (white & pink) has to be forwarded to the Labour Office. Every time when loans are not granted the certificate of balances previously issued should be forwarded through the Labour Dept. to the Central Bank of Sri Lanka. The member's account will be reactivated at this stage. Thereafter, preliminary work to grant loans once again could commence. Loans cannot be granted again in the absence of white/pink copies.

2.5.5 Employees numbers not being correct

If form No 2 balance request form had been sent indicating wrong numbers in place of existing EPF member numbers, grant of loan will not take place.

Example

Correct Number	Incorrect number according to Form No (2)
1. 55/P/25	55/P/52 55/P/5 55/P/2
2. 562/A/254	562/A/259 562/A/269 562/A/245

2.5.6 Incorrect member names

Correct Name

Incorrect Name

1. Gamlath Gamage Nimal	Gamlath Nimal Gamage
2. Gamlath Gamage Nimal	Gamage Nimal Gamlath
3. G G Nimal	G Nimal
4. Gamlath Gamage Nimal	G N Gamage

2.5.7 Existence of amendments in members accounts

If member numbers highlighted for amendments the certificate of balances would not be issued to such members. In such instances contribution details of members accounts relevant to amendments should be forwarded to EPF with written confirmation of the employers. Certificate of balances would be issued after amendments are done.

2.5.8 When requests for refund of benefits are already made

IF the letter of determination had already been forwarded to the Central Bank of Sri Lanka prior to the balance request form, the certificate of balance will not be issued.

2.5.9 Short comings in Balance Request Form No (2)

- i. Absence of signature of Commissioner of Labour/Deputy Commissioner/ Assistant Commissioner or Labour Officer
- ii. Absence of official seal
- iii. Alterations not authenticated by placing signature
- iv. Names not mentioned
- v. Member number/ Numbers not indicated
- vi. Confirmation in support not provided in combined loan
- vii. Shortcomings in member numbers/names

2.6 Forms required for issue of loan

1. Balance request form application
2. Form No 11 - Confirmation of issue of loan
3. Form No 14 – Confirmation of settlement of loan or amount to be paid
4. Form No 12 – Defaulted loan amount report replacement

It is extremely important to minimize the short comings to reduce the time required for the grant of loan.

2.7 Time Factor

Certificate of balance could be issued within 2 working days of application. When problems crop up the issue would take more time.

2.8 Default of loan repayment

Default of repayment of loans will cause monetary pressures and impact severely on the balances in member's individual accounts. The available balances, as a result, will erode gradually. There would however be no strain on account balances with regular repayment of loans, but the balances would be under severe pressure with default of repayment. Default of loan repayment will bring down the fund balance and the individual balances standing as a future security buffer would run the risk of loosing completely or loosing to some extent.

3 Amendment of accounts of members

Amendment of member accounts could be discussed under three headings.

1. Amendment of names in members accounts
2. Amendment of contributions or amendment of balances in contributions
3. National Identity card number amendment in members accounts

3.1 Discrepancies that surface in amendment of members accounts

1. Differences in initials of names
2. Number of initials being either more or less
3. Initials not in sequential order as in usage of names
4. Differences in names denoted by initials
5. Use of another employees name instead of the correct name of the member
6. Use of other new names instead of the usual name (through birth certificate)
7. Change of name after marriage which not amend in EPF records (females)
8. Use of false names/assumed/pet names
9. Crediting funds to a number of members using only one number

For Example

Correct name	Incorrect Name
1. B.M.P.B. Wimal (555/Q/2000)	B.M.V.Wimal M.P.C. Wimal A.M.P.B.Wimal A Wimal
2. B.M.P.G. Wimal (555/Q/2000)	P.B. Wimal P.B.P Wimal B.M.P. Wimal
3. B.M.P.B.Wimal	B.P.M.B.Wimal B.B.M.P. Wimal M.P.B.B. Wimal
4. A.M.S.L. Dissanayake	A.M. Sugath Kumara Dissanayake A.M. Sugath Dissanayake A.M. Kumara Dissanayake
5. A.M.P. Dayaratne (5005/A/25000) This mistake occurs when the same member number is assigned to a number of members	A.M. Dayaratne P. Dayaratne A.P. Dayaratne B.M. Dayawamsa K.P. Wimalawathi B.R. Damayanthi
6. D.P. Jagath	D.P. Jagath Bandara D Palitha Jagath Bandara Jagath Bandara Wewagedera
7. A.M. Mangalika	A.M. Mangalika Silva S.A.De. Perera A.M.M.De. Gunawardhane
8. Somawathi Gunapala Jayantha Piyadasa	A.J.A. Ariyawathi K.M. Gunawardhane G. Jayaratne P.A.Piyaratne

3.2 Amendment of Contributions in members accounts

3.2.1 Reasons requiring amendment of contributions

1. Employer making contributions by changing his employment number.
2. District code letter incorrectly stated with the employer number
3. Using some other employment number instead of the assigned employer number.
4. Allocating the same member number to several other members from time to time.
5. Use of serial number instead of member number
6. Change of numbers in member numbers.
7. Recording the member number illegibly
8. Crediting contributions to the same old number after amalgamation of accounts
9. Crediting funds to the same number after refund of benefits
10. Assigning a number belonging to one member to another
11. On payment of refund of benefits assign the same number to another member or credit funds to the same member even after refund.

3.2.2. Amendment of contributions

To make amendment to a member account a written confirmation should be forwarded by addressing a letter either to the Superintendent, E.P.F. Central Bank of Sri Lanka or to the Commissioner of Labour. The letter should state separately, contribution details, names of members, and member numbers. In case of an amendment effect to several member accounts, the contribution details of relevant members would be required from the commencement of employment to the end of service/to date.

ContributionsCredited member number

Year of accounting

144/B/10

144/B/1

Year	Member number credited		Member number that should be credited correctly	Name
1998	10	5000	2500	P.B.Kamal
	11	-	25000	B.Y. Kamal
1999	10	5000	25000	P.P. Kamal
	11	-	250000	P.Y.Kamal
1999	10	5000	-	
	11	-	5000	
	10	500		
1995	88	180	89-100	
1996	88		89	
1997				
1998	413	7000	431-7000	
2000	1923	5000	1932-2500 1923 -2500	
2001	2550- 3000	2505	2505-10000 2550-10000 2050-10000	
2000	14	500	14-2500	
2001	14	5000	15-5000	
2002	14	5000	15-5000	
2003	14	5000	15-5000	
2004	14	5000		

2254/Q	1-1000	2543/Q/	1-1000
	2-1000		2-1000
	3-1000		3-1000
	4-1000		4-1000
	5-1000		5-1000
	6-1000		6-1000
	7-1000		7-1000
	8-1000		8-1000

2554/Q/	1-1000	2254/I/	1
	2-1000		2-1000
	3-1000		3-1000
	4-1000		4-1000

3.3 Amendment of names

In amending the discrepancies found in names of members the under mentioned procedures should be followed.

1. A letter certified by the employer which addressed to Superintendent, E.P.F., Central Bank of Sri Lanka or the Commissioner of Labour should be forwarded with the details of the names in the statement and the corrections that has to be done in names of the members to amend the names. A letter as the above is sufficient to correct a discrepancy in the name or in the initials of the name.
2. If the establishment were closed a letter certified by the Grama Sevaka and countersigned by the Divisional Secretary and confirmed by the Asst. Commissioner of Labour/Labour Officer evidencing closure of the establishment and recommending correction of the name would be necessary. It is extremely important to produce the 'B' certificate for this purpose.

3. A complete change of names could be done with confirmation attached with pertinent contribution details
4. Change of names consequent to marriage or on account of legal change of name or to change of name in birth certificate in satisfaction of a legal requirement.

In such instances, the certificate of marriage/ certification of birth together with other documents should be forwarded through the employer. The copies of certificate of birth and copies of legal documents should be authenticated by the employer.

For correction of names in non operative establishments a letter certified by the Grama Sevaka countersigned by the District Secretary to the effect that the incorrect name and the correct name represent one and the same person and no other, and requesting the name change of the particular member number should be forwarded with the recommendation of the Assist. Commissioner of Labour located in the vicinity of the closed establishment. At the time of amending the account name of a member documents in possession of the member such as the 'B' Card, appointment letter and the salary slips should be forwarded.

3.4 Amendment of national identity card number in the member's account

The correct name, member number, together with the number of the national identity card should be confirmed in writing through the employer. In addition to the confirmation provided by the employer, wherever necessary, written confirmation of the Grama Sevaka or the Commissioner of Registration of Persons indicating reasons for the change in the number of the National Identity card should be forwarded. Since the National Identity Card is of vital importance, the amendment of the National Identity Card requires a number of proper documents.

Why Should National Identity Numbers Require Amendments?

1. When applying for refund of benefits
2. When applying for housing loans
3. When establishing identity of members account balances
4. When certifying provident fund available balance with other documents.

The National Identity Number is scrutinized and therefore it is extremely important to keep it corrected. To minimise amendments in member accounts in the categories indicated at 01, 02, 03 above, it is necessary to establish a growing dialogue, close cooperation and an excellent rapport with the employers, members of the fund Commissioner of Labour and E.P.F. Dept: of the Central Bank of Sri Lanka.

We are constantly striving to provide a dedicated quality service to the employees of the provident fund and for this purpose the cooperation of all parties would be helpful to minimise or completely eliminate amendments and to upgrade the services to fulfill our tasks efficiently and expeditiously. To this extent the understanding of the working of the fund by all of us and maintaining a close rapport all round would serve usefully.

ACCOUNTING OF THE FUND AND INVESTMENT

INFORMATION

Employees' Provident Fund is a retirement benefit scheme for employees who do not receive a monthly pension and established for the benefit of retired employees of corporations, mercantile and private sector with contributions by both the employees and employers. At the commencement the employee employer contribution ratio stood at 4% and 6% respectively. After amend twice this ratio stands at 8% and 12% as at present. The annual total contribution which stood at Rs.120 million in 1959 had increased to Rs.233, 330 million as at end of 2004.

At the commencement of the fund the membership which stood around 400,000 had increased to 10,377,477 as at end of 2004. Out of the total membership 1,973,601 are active contribution accounts while 8,333,876 accounts remain as non active non contribution accounts.

The aftermath of the Central bank bomb blast in 1996 saw the Employees' Provident Fund launching a programme of rehabilitation and modernization to be on even keep with the other efficiently run similar provident funds. For this purpose, all systems and member accounts had been included into an automated programme. As a result of the systems change Provident Fund was able to provide a speedier and a more efficient service.

Programme for Modernization of the Employees' Provident Fund

The modernization efforts of the Provident Fund which commenced in 1996 were continued further. The process of modernization which commenced with the installation of a large capacity AS400 computer system continues to be updated through a variety of processes. The computer system was subjected to further modernization in 2005 and updated data are stored and secured by the online updating backup system. Under this system of storage of data, Employees' Provident Fund systems have advanced to remain efficient even in emergency situations, as all systems could immediately be activated to commence operations.

Under modernization of accounting system, bank reports are obtained by e-mail and bank reconciliations are also done through e-mail. A website for Employees Provident Fund opened in 2001 would be subjected to further improvements before the end of 2005. A system to obtain contribution details through electronic media inaugurated in 1998 would be further improved before the end of 2005.

To make investment process effective and to arrive at investment decisions based on correct and decisive policies, an investment policy statement was introduced in 2001, with the approval of the Monetary Board. Objectives of the fund investments, risk tolerance limits, liquidity requirement levels, tax considerations of EPF and special investment avenues unique for the EPF investment portfolio and circumstances had been clearly indicated by this statement. Moreover, internal control systems, rules and regulation guidelines for investments, limitations of investments, approved and prohibited investments, management processes, asset allocation of EPF investment portfolio have been spelled out by this statement. It has also set out professional codes of conduct and ethical standards to be upheld by the fund managers.

To enable the functions of the fund to move orderly and efficiently with less administrative costs, a corporate plan meticulously drawn is at preparatory stage at present and is expected to be completed before the end of 2005.

In order to make the functions of the fund more efficient action had already been taken to obtain an accounting software package in keeping with all the latest accounting standards and this task is expected to be completed before the end of 2005.

The entire accounting system of the fund (maintenance of member accounts, refund of benefits and investments) had been subjected to 100% audit verification from 2001. For this purpose, a firm of auditors, under an open price quotation systems is carefully selected for a period of 2 years with Monetary Board approval.

With the intention of performing the functions of accounting and fund management more systematically, the functions were diversified in the year 2004. Accordingly all the investment functions are being handled by the front office while middle office would scout for investment prospects in the open market, and

on evaluating suitable proposals for investment are forwarded to the investment committee. On directions provided by the middle office, the proposal approved by the investment committee is being implemented by the front office and the accounting functions associated are being performed by the back office. All the investment functions of the EPF are being handled by the real time gross settlement system and by the script less securities settlement system. Thereafter on collection of relevant information by the accounts division, data is used for the preparation of bi-annual and annual final accounts of the fund.

The annual statement of accounts of the EPF require approval of Parliament and the annual statements thereafter are printed and published in newspapers from the year 2003.

With all the modernising functions, EPF has yet to trod on many more miles before it could come close to international standards. All our future strategies are directed to successfully overcome the challenges and all of us in the fund, will together, strive with dedication to achieve this objective.

INFORMATION PERTAINING TO THE INVESTMENT

STRUCTURE OF THE FUND

Investment in Government Securities

The investment portfolio of the Employees Provident Fund as at end of the year 2004 stood at Rs.369 billion of which 98% of the funds were invested in Government Securities and rupee loans. While maintaining the momentum displayed throughout the last five years and gradually weaning away from rupee loans and investing in long term market oriented instruments such as treasury bonds, the overall investment potential continued to expand in 2004.

Accordingly the investment in treasury bonds which was 56% of the total investment portfolio increased in 2004 to 76.7% or Rs.283 billion. The investment in treasury bills in 2004 was 1.3% of the total investment portfolio amounting to Rs. 5 billion. Investment in government rupee loans which is a long term medium of investment without marketability was brought down from 41% to 20% or to Rs. 74 billion.

Investment in government securities and rupee loans whilst being a very safe investment also provide hardly any risk in recovery of principal and interest on investment. In addition, as the income on capital gains is free from income tax unlike interest income, investing through government securities in the secondary money market could earn a higher yield by way of capital gains which would boost provident fund income thereby enabling members to receive a higher rate of interest.

Investment in stock market operations

In order to provide a higher rate of return to members the provident fund investments moved away in 1998 from the limitation of investing provident fund monies only in government securities and rupee loans to stock market operations. While commencing investments in stock of 12 listed companies in 1998, increased the spread of investments by 2004 by investing in 29 listed companies. While making investments in stock between 1998 to 2004 earned an annual average yield of 23.8% in stock investments in 2003 and 2004 earned a higher rate of return of 69.9% and 42.9% respectively. Upto now investment in stock market operations were less than 1% of the total investment portfolio. In 2004, it was only 0.43% of an investment out of the total funds invested. Before venturing into an investment in a new company our middle office would engage in an incisive study of the company and its allied industries and conclusions reached after analysis of the report would be submitted to the Monetary Board of the Central Bank of Sri Lanka for approval and investment would take place only after receipt of approval.

The fund would seek more investment opportunities in stock market operations and other investments and endeavour to provide a higher rate of return to the members.

Other investments

The face value of all the investments except (the rights issues) made by the EPF in private sector investments amounts to Rs.3.9 million which represent 1.1% of the total investment portfolio of the fund. In terms of the investment policy statement of 2001 and with the approval of the Monetary Board, the fund could also make investment in the following private sector issue of

- Commercial paper
- Promissory notes
- Corporate debentures
- Loan securities

However, EPF would adopt a number of measures to ensure the safety of funds to be invested. Investment opportunities as provided above by private companies with high financial stability and high credit rating would take pride of place for such investment of fund moneys. The benefits the provident fund would enjoy in investing in these companies would be higher returns on investment than in government securities, diversification of fund investments and maximum return of investment.

Long term real effective rate of return on members balances

PERIOD	ANNUAL AVERAGE REAL EFFECTIVE RATE OF RETURN
For the last 30 years	0.81%
For the last 25 years	0.75%
For the last 20 years	2.45%
For the last 15 years	1.82%
For the last 10 years	2.96%

Financial Accounting Functions of the Employees' Provident Fund

- ❖ The financial accounting of the fund is carried out in terms of the EPF Act No 15 of 1958.
- ❖ The financial accounting of the EPF is done in terms of generally accepted accounting principles and Sri Lanka accounting standards established by the institute of Chartered Accountants of Sri Lanka.

- ❖ The accounting year of the fund is from 1st January to 31st December and the final accounts of the fund in every year are submitted for approval of the Monetary Board, within 60 days of ending of each financial year.
- ❖ Summarized annual account statements would be published in daily papers after receipt of Monetary Board approval.
- ❖ All the financial transactions of the fund are being scrutinized and audited by the internal audit while the external audit would be done by the Auditor-General's Department.
- ❖ The chief source of revenue would be the income from capital gains and fund investment income.
- ❖ In terms of the provisions of the EPF Act the expenses incurred by the fund for performing its functions could be met from the income of the fund.
- ❖ The expenses incurred by the EPF Department of the Central Bank of Sri Lanka are less than 1% of the annual income of the fund.
- ❖ The fund is making a 10% payment out of its investment income annually as taxes to the Inland Revenue.
- ❖ The surplus available from the annual net income of the fund after providing for provisions would be distributed as interest among the members of the fund.
- ❖ Interest is credited by the fund on the year ending balances of the members and the rate of interest paid annually to members would be the rate between the relevant years net income surplus and the same year ending value of balances of the entire membership of the fund. The interest rate paid by the fund to the members during the last 10 years is shown hereunder.

YEAR	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Rate of interest %	9.5	12	12.10	11.50	11.50	11.50	12.25	12.75	12.75	12.75

The financial performance of the fund in the year 2004 and summarised information of the year ending financial position is shown below.

Item	Contributions	Refund of benefits	Income	Expenditure	Income tax	Net income after tax	Provisions	Distribution to members by way of interest
Rs.Mn	23,330	16,617	34,391	360	4,735	34,296	1350	32,396

Financial position as at end of year 2004

Item	Investments	Fixed assets	Current assets	Net assets	Member balances inclusive of interest for 2004	Reserves	Current liabilities
Rs.Mn	359,890	120	21,023	379,395	372,833	6,562	1,638

EPF RECONCILIATION STATEMENT AS AT 31/12/2004

Month	Remittance to bank	Contribution	Under/Over payment	Bank	Cheque no	Date paid
July -04	385,153.65	381,879.95	3,273.70	MCB	568486	31.08.04
Aug-04	383,843.95	383,843.95		MCB	23330	27.09.04
Sept-04	375,730.30	375,730.30		MCB	27822	26.10.04
Oct- 04	351,197.06	338,549.22	12,647.84	MCB	33702	25.11.04
Nov - 04	353,960.51	354,830.51	(870.00)	MCB	33774	30.12.04
Dec - 04	354,440.35	369,491.89	(15,051.54)	MCB	36857	28.01.05
	<u>2,204,325.82</u>	<u>2,204,325.52</u>				

6/17/2005

.....

Signature

**General Instructions on Collection of Data Through the Electronic
Media**

It would be important to pay attention to the under mentioned instructions when collecting contributions through the electronic media.

1. Member number once allocated should always remain exclusively with the same member.
2. The specified spaces allocated to each data should remain as it is with no mistakes, as conveyed by the instructions.
3. If there is a name change to be effected in a member, a letter certified by the employer with his instructions should be forwarded with the data diskette or through e-mail.
4. The contribution that an employer forward by cheque/direct debits system should always be equal to the member's contribution total indicated in C/C3 returns which are sent through the diskette/e-mail.
5. The compulsory data record fields must have been perfected accurately.
6. Contribution details rejected by the computer system will not be included in the member's statement of accounts.
7. It would help identification if the data diskette is forwarded in a special container.
8. The outside label of the diskette should indicate the following particulars.

E.P.F. CONTRIBUTIONS
Name of employer.....
Employment number.....
Period of contribution
Date

9. The data diskette containing contribution details should reach EPF before 25th day of every month. If the 25th day falls on a non working day, it should reach us the day before.

10. The data diskette should be handed over with a perfected copy of the relevant form. One copy should be attached to the diskette and please be informed that the relevant forms could be obtained from the Collection Division of E P F located at the 2nd Floor of the Ceylinco Building, Colombo, Fort.