

**STREAMLINING OF NATIONAL PENSION SCHEME - GOVT HAS ACCEPTED TWO DEMANDS
EVEN AS THE STRUGGLE FOR COMPLETE WITHDRAWAL OF NPS CONTINUES**

IRTSA has been demanding for withdrawal of NPS for those recruited after 1-1-2004 and restoration of Old Pension Scheme for all of them.

Until the continuation of NPS, IRTSA had demanded for streamlining of NPS and placed various demands to provide some relief to them - including increasing Government's contribution for NPS and tax exemption for withdrawal from NPS.

Government has accepted the main demands two main demands of IRTSA:

S.N	DEMAND OF IRTSA	AGREED TO BY GOVERNMENT
1	10% contribution from Government be raised to 15% to get reasonable post retirement financial security.	Government's has agreed to increase its contribution for those covered under NPS Tier-I from the existing 10% to 14%.
2	Withdrawals under NPS should be tax exempt to place NPS at par with old pension scheme	The entire amount of withdrawal from NPS will now be exempt from income tax as the tax exemption limit for lump sum withdrawal on exit has been enhanced from 40% to 60% which the maximum permissible limit of withdrawal..

Decision of the Government

The Union Cabinet in its Meeting on 6th December, 2018 has approved the following proposal for streamlining the National Pension System (NPS).

1. Enhancement of the mandatory contribution by the Central Government for its employees covered under NPS Tier-I from the existing 10% to 14%.
2. Providing freedom of choice for selection of Pension Funds and pattern of investment to central government employees.
3. Payment of compensation for non-deposit or delayed deposit of NPS contributions during 2004-2012.
4. Tax exemption limit for lump sum withdrawal on exit has been enhanced to 60%. With this, the entire withdrawal will now be exempt from income tax. (At present, 40% of the total accumulated corpus utilized for purchase of annuity is already tax exempted. Out of 60% of the accumulated corpus withdrawn by the NPS subscriber at the time of retirement, 40% is tax exempt and balance 20% is taxable.)
5. Contribution by the Government employees under Tier-II of NPS will now be covered under Section 80 C for deduction up to Rs. 1.50 lakh for the purpose of income tax at par with the other schemes such as General Provident Fund, Contributory Provident Fund, Employees Provident Fund and Public Provident Fund provided that there is a lock-in period of 3 years.

IRTSA will continue to demand for withdrawal of NPS and extension of Defined Pension Scheme (Old Pension) for all Railway employees for those appointed after 01.01.2004.

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