

Garment workers, salaried class oppose any tax on EPF withdrawals

- [R.Vimal Kumar](#)

Despite clarifications from the government regarding the purpose of imposing tax on withdrawals from Employee Provident Fund in the Union budget, the garment workers and other salaried class people in Tirupur knitwear cluster sounded critical of the new tax regime.

The Finance Ministry, in the clarification note, had stated that the purpose of making only 40 per cent of the total corpus withdrawn at the time of retirement tax exempt under recognised provident fund and national pension scheme, was aimed at encouraging people to invest in pension products rather than withdraw/use the entire corpus after retirement.

Adding to that, if the 60 per cent of the remaining corpus was put in annuity no tax was chargeable. “This justification for the new tax regime is ridiculous. Why you want to forcefully tax an employee’s lifetime savings without giving options to the workers”, pointed out D. Manoharan, district general secretary of All India Bank Employees Association. Textile workers were of the opinion that the taxation on EPF should not be there considering the quantum and nature of family environments they have in the country.

“EPF is our hard earnings generated over years. And, mostly it is a meagre corpus for a good chunk of workers and they need that full amount in hand when superannuate. The workers should be given the right to prioritise where to deposit the amount and how they utilise the same”, said Senthil Kumar, a textile sector worker.

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