

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
LOK SABHA  
UNSTARRED QUESTION NO: 435  
TO BE ANSWERED ON FRIDAY, THE 3<sup>RD</sup> FEBRUARY, 2017  
14, MAGHA, 1938 (SAKA)**

**TAX RELAXATION UNDER NPS**

**435. SHRI PRABHAKAR REDDY KOTHA:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is contemplating to give a tax relaxation to the maturity value of the amount deposited under National Pension System (NPS) like PPF and if so, the details thereof; and
- (b) whether the Security and Exchange Board of India (SEBI) has also recommended for this tax relaxation in the recently held Financial Stability and Development Council (FSDC) meeting, if so, the details thereof and the reaction of the Government in this regard?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI SANTOSH KUMAR GANGWAR)**

- (a) The Finance Act, 2016 amended the Income-tax Act, 1961 (the Act) to provide that 40% of the amount payable to the employee subscriber of NPS on his closure of account or his opting out of the scheme, shall be exempt from tax.

Further, Finance Bill, 2017 has proposed to amend the Act to provide exemption from tax at the time of partial withdrawal by an employee from National Pension System Trust in accordance with conditions specified under Pension Fund Regulatory and Development Authority Act, 2013 and regulations made there under, to the extent it does not exceed twenty five per cent of the contributions made by him.

- (b) There was no such proposal from Securities and Exchange Board of India in the agenda of 16<sup>th</sup> Financial Stability Development Council meeting held on 5<sup>th</sup> January 2017.

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