Ministry of Finance

DFS releases detailed FAQs on the tax treatment under UPS; NPS Tax Benefits applicable to UPS

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The Unified Pension Scheme (UPS) was notified by the Ministry of Finance, Government of India, vide Notification No. F. No. FX-1/3/2024-PR dated 24.01.2025. The scheme is applicable to new recruits joining the Central Government services on or after 01.04.2025, and offers an option to existing Central Government employees under NPS to opt into UPS.

To implement this framework, the Pension Fund Regulatory and Development Authority (PFRDA) notified the PFRDA (Operationalisation of the Unified Pension Scheme under NPS) Regulations, 2025 on 19.03.2025.

To support employees in making an informed choice, the Department of Financial Services (DFS) has released detailed FAQs on the tax treatment under UPS. These can be accessed on the DFS website or directly via the following link:

https://financialservices.gov.in/beta/sites/default/files/2025-09/FAQs-on-tax-treatment-under-Unified-Pension-Scheme-UPS.pdf

Employees are encouraged to peruse the FAQs and assess the benefits of UPS in alignment with their retirement planning goals.

The last date for eligible employees and past retirees under NPS to opt for UPS is 30.09.2025.

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