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Siva-EPF

60,000 CIVIL SERVANTS EXEMPTED FROM PAYING INTEREST ON EPF WITHDRAWAL

KUALA TERENGGANU, July 14 (Bernama) -- The government has abolished the interest charged on contributions withdrawn from the Employees Provident Fund (EPF) by civil servants to buy a house.

Cuepacs president Datuk N Siva Subramaniam said the matter was contained in a circular issued by the Finance Ministry to all government departments three months ago.

He said Cuepacs was happy with the government decision following a series of discussions held earlier to tackle the problem which was felt to be a burden to civil servants.

"When withdrawing the contribution, they took all the amount available but upon retiring, the balance withdrawn must be paid back and the interest charged is from the date of withdrawal.

"As such, the decision means that the contributor will only have to pay the EPF the amount that was in excess of their contribution," he told Bernama, here today.

The EPF fixed an interest rate of between four and eight per cent to contributors based on the dividend paid each year.

There are 950,000 employees in government service nationwide at the moment.

Siva said the decision meant a savings of about RM1 million for the affected employees and described the move as something very encouraging.

He said Cuepacs was grateful to Finance Minister Datuk Seri Dr Mahathir Mohamad, who is also Prime Minister, for making a right decision which reflected his concern for the civil servants.

Meanwhile, in another development, he said the government had promised to take action against housing developers imposing fines on civil servants for making late payments for house purchases through the loan scheme provided.

"We feel it is most inappropriate that civil servants are being imposed such fines as it (the delay) is not their fault but due to other technical problems related to banking," Siva said.

--BERNAMA

AYB SN AO