**PPF New Rules: Government gave big relief to PPF account holders by making important changes in the rules.**

**PPF New Rules: In the new rules, major relief has been given in the penalty for premature closure of extended tenure PPF accounts. This change has come into effect from November 9, 2023.**

Modi government has made important changes in the rules for closing PPF account before maturity. The new rules provide major relief in the penalty for premature closure of extended tenure PPF accounts. This change came into effect from November 9, 2023 and has been named Public Provident Fund (Amendment) Scheme 2023.

**There was confusion regarding interest reduction**

The rules regarding penalty for closing PPF account before 15 years were clear, but there was confusion regarding extension of the account period. As per the old rules (PPF 2019), if one closes the account during the extended period then the penalty will have to be paid from the date the account period extended.

That is, if an investor has extended the PPF account more than once for 5 years after 15 years, then the penalty will be charged from the time the PPF account was extended for the first time.

**Relief given like this:** In the new rules, it has been made clear that if the investor has extended the account period three times for five years each, then one percent penalty will not be imposed from the time the account is extended for the first time. Rather, the calculation will be done only for those five years in which the application for premature closure of the account has been given.

**What are the existing provisions:** The maturity period of PPF account itself is 15 years. This can be extended for another five years. The account cannot be closed for the next five years after the financial year in which the account is opened. Only after this, under special circumstances, the account can be closed before the maturity period but for this a penalty is imposed in the form of reduction in interest.

**How much deduction:** According to the rules, if the account is closed before the maturity period, a deduction of one percent is made in the interest, which is applicable from the date of opening of the account. If a person was getting 7.1% interest on the current contribution, but if he closes the account prematurely then he will get only 6.1% interest.

**Exemption to close account in these circumstances**

* For treatment of serious illness of the account holder or family members  
  When you need money for your or your child’s higher education within the country or abroad
* If the account holder is leaving the country then he can close the account.
* On the death of the account holder, his Nomina account can be closed

**It is necessary to submit these documents**

To close the PPF account before the maturity period, a written application has to be submitted to the concerned bank or post office. Form-5 will also have to be filled. In this, a clear reason for closing the account must be given. Also, necessary documents will have to be attached with the application.

If you close the account for treatment of illness, then you will have to submit the documents given by the medical authority. Copy of PPF passbook will have to be attached. The application is accepted after verification of documents.