

MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

IV.10 Guidelines on Enrolment and Contribution Arrangements for Self-employed Persons

INTRODUCTION

Section 7C of the Mandatory Provident Fund Schemes Ordinance (“the Ordinance”) provides for the enrolment of self-employed persons (other than self-employed persons who are less than 18 or, are 65 years of age or more) (“SEPs”) in Registered Schemes and the making of mandatory contributions.

2. Section 6H of the Ordinance provides that the Mandatory Provident Fund Schemes Authority (“the Authority”) may issue guidelines for the guidance of approved trustees, service providers and other persons concerned with the Ordinance.

3. The Authority hereby issues guidelines setting out the arrangements for the commencement of those provisions in relation to SEPs who participate or are going to participate in Registered Schemes.

CLARIFICATION OF THE RELEVANT TERMS

4. Except otherwise specified in these Guidelines, the terms common to the Ordinance and the subsidiary legislation of the Ordinance carry the same meanings as those defined in the Ordinance and the subsidiary legislation. Reference should be made to the Ordinance and the subsidiary legislation, where necessary.

5. Relevant terms which appear in the Guidelines are defined as follows:-

- (a) **“Registered Scheme”** means a master trust scheme or an industry scheme.
- (b) **“Commencement Day”** means the day of commencement of section 7C of the Ordinance (i.e. 1 December 2000).
- (c) **“Permitted Period”** means the period within which the SEP must become a member of a Registered Scheme. The Permitted Period is 60 days for SEPs. If the last day of the Permitted Period is a public holiday, a gale warning day or a black rainstorm warning day, then it shall mean the next following day which is not a public holiday, a gale warning day or a black rainstorm warning day.
- (d) **“Existing SEP”** means a person who becomes an SEP before the Commencement Day and remains in self-employment on the Commencement Day.
- (e) **“New SEP”** means a person who becomes an SEP on or after the Commencement Day.

ENROLMENT AND CONTRIBUTION ARRANGEMENT

6. An SEP is required to become a member of a Registered Scheme within the Permitted Period and make mandatory contributions for himself before the end of each contribution period. The enrolment and contribution arrangements for SEPs are specified below.

Existing SEPs

7. Based on the Commencement Day of 1 December 2000 and Permitted Period of 60 days, an Existing SEP has to enrol himself to become a member of a Registered Scheme on or before 29 January 2001. The first mandatory contribution should be made on or before the end of the contribution period in which the SEP becomes a member of the Registered Scheme.

8. For example, if on 2 January 2001 an Existing SEP enrolls himself into a Registered Scheme that has a financial year ending on 31 December each year and elects to contribute on a yearly basis, the first mandatory contribution on his relevant income for the period from 1 December 2000 to 31 December 2001 should be made on or before 31 December 2001 (i.e. the end of the contribution period in which the SEP becomes a member). Of course, if the Existing SEP enrolls himself into a Registered Scheme on or before 31 December 2000, the first mandatory contribution on his relevant income for the period from 1 December 2000 to 31 December 2000 would be due on 31 December 2000.

9. Similarly, if an Existing SEP enrolls himself into a Registered Scheme on 2 January 2001 and elects to contribute at the end of each calendar month, the first mandatory contribution on his relevant income for the period from 1 December 2000 to 31 January 2001 should be made on or before 31 January 2001 (i.e. the end of the contribution period in which the SEP becomes a member). Of course, if the Existing SEP enrolls himself into a Registered Scheme on or before 31 December 2000, the first mandatory contribution on his relevant income for the period from 1 December 2000 to 31 December 2000 would be due on 31 December 2000.

New SEPs

10. Based on the Commencement Day and Permitted Period, a New SEP has to become a member of a Registered Scheme, on the day he becomes 18 years of age, or within 60 days from the day he becomes self-employed, whichever is later. The first mandatory contribution should be made on or before the end of the contribution period in which the SEP becomes a member of the Registered Scheme. The arrangements for enrolment and contribution applicable to a New SEP are the same as those applicable to an Existing SEP.