

On 1 November 2008, the legislative amendment removing the 30-day Settlement Period for the payment of mandatory contributions will come into operation. According to the Mandatory Provident Fund Schemes Ordinance, employers must pay contributions for their employees on or before the 10<sup>th</sup> day of each month (i.e. on or before the contribution day). Meanwhile, self-employed persons (SEPs) must pay contributions by the specified day in each month if contributions are paid on a monthly basis or at or before the end of the scheme financial year if contributions are paid on a yearly basis.

Employers and SEPs may choose to pay mandatory contributions through various methods/channels as provided by the trustees. Payment by different methods/channels will have implications on the date on which the contribution is considered paid. Please refer to the table below for details.

| Payment methods / channels  | Points to note   |
|---|--|
| <b>By post</b>  | <ul style="list-style-type: none"> <li>▶ Contribution is considered paid on the date on which the payment cheque would normally be delivered by post. Therefore, sufficient mailing time should be allowed.</li> <li>▶ Ensure sufficient funds in the bank account for cheque clearance (if the cheque is bounced, the contribution will be considered as not having been paid).</li> </ul>  |
| <b>In person (through bank branches/customer service counters)</b>  | <ul style="list-style-type: none"> <li>▶ Contribution is considered paid on the date payment cheque is deposited at the bank branch/customer service counter.</li> <li>▶ Ensure sufficient funds in the bank account for cheque clearance (if the cheque is bounced, the contribution will be considered as not having been paid).</li> </ul>  |
| <b>Direct debit</b>   | <ul style="list-style-type: none"> <li>▶ Contribution is considered paid on the date on which the employer's remittance statement is received by the trustee*.</li> <li>▶ For an SEP who does not need to submit remittance statement, contribution is considered paid on the date on which the trustee issues direct debit instruction.</li> <li>▶ Ensure sufficient funds in the bank account for debiting (if the debit is unsuccessful, the contribution will be considered as not having been paid).</li> </ul> |
| <b>Direct credit</b>  | <ul style="list-style-type: none"> <li>▶ Contribution is considered paid on the date on which the MPF scheme's bank account is credited.</li> <li>▶ Ensure the funds are credited to the MPF scheme's bank account on or before the 10<sup>th</sup> day of each month.</li> </ul>  |
| <b>Deduction of reserve in the employer's account to settle future contribution (subject to the scheme rules)</b> | <ul style="list-style-type: none"> <li>▶ Contribution is considered paid on the date on which the employer's remittance statement is received by the trustee*.</li> <li>▶ Ensure sufficient funds in the employer's account for offsetting; otherwise, the employer should make up the difference in amount on or before the 10<sup>th</sup> day of each month (underpayment will be treated as default contribution).</li> </ul>  |

\*Please see "Remittance statement" section with respect to when a remittance statement is considered received.

### Remittance statement

**Employers must also submit to trustees a duly completed remittance statement accompanying the contribution on or before the 10<sup>th</sup> day of each month.** If employers send their payment and the remittance statement to the trustees separately, the receipt date of the remittance statement shall be:

- the date the remittance statement would normally be delivered if it is sent by post;
- the date the remittance statement is deposited at a bank branch/customer service counter; or
- the date the remittance statement is faxed to the trustee.

Employers are recommended to keep a copy of the payment cheque and remittance statement as record before sending to trustees. If the remittance statement is sent by fax, employers are recommended to print and keep a journal recording the document sent date to support the submission by the employers to the trustees.

### Avoid payment by cash and through intermediaries

Payment of contributions by cash should be avoided. Moreover, payments through MPF intermediaries, whether by cash or otherwise, should be avoided. Instead, payments should be made directly to the trustees or their designated bank branches/customer service counters.

### Consequences of late payment

Employers and SEPs must make mandatory contributions on time. With the legislative amendments of removing the 30-day Settlement Period coming into operation on 1 November 2008, trustees will no longer be required to first send notices to employers and SEPs when contributions have not been made on time, and will directly report such cases to the MPFA. Employers or SEPs who fail to pay mandatory contributions on time will have to pay a contribution surcharge. Offenders may also be liable to a financial penalty or prosecution. For details, please consult your trustee or refer to the MPFA's "Open a brand new page of MPF" leaflet.

# Date of Payment of Contribution

