Employers' Handbook on MPF Obligations

MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

Contents

Foreword

Compliance with MPF Regulations is the Employer's Obligations

Employers are required to perform duties relating to the Mandatory Provident Fund Schemes (MPF) in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance (MPFSO) (Chapter 485) and the Mandatory Provident Fund Schemes (General) Regulation (Chapter 485A) (collectively referred to as the MPFSO in this Handbook). This involves employers handling various MPF matters for their staff after a company has been established, when staff members commence employment, and throughout the course of their employment up until their departure. Failure to comply with these legal requirements may render an employer subject to enforcement actions by the Mandatory Provident Fund Schemes Authority (MPFA). Penalties for various offences are listed in this Handbook, for employers' reference.

The MPFA has published this Handbook to provide employers with a resource for understanding their MPF obligations and helping them handle MPF matters. The MPF arrangements set out in this Handbook generally apply to employers participating in Master Trust Schemes and Industry Schemes. Arrangements that are applicable only to Industry Schemes employers are listed and explained in a dedicated section at the end of every chapter.

The contents of this Handbook are in accordance with the MPFSO and the current state of the MPF System at the time of going to press. For the latest information, please visit the MPFA website (www.mpfa.org.hk).

After establishment of company

Select an MPF trustee and a scheme

Select an MPF trustee and a scheme after establishment of company

1 Types of MPF scheme

- There are two types of MPF scheme[1] in the MPF System for employers to select from:

1 Master Trust Schemes

♦ Employers from any industry can choose to participate in a Master Trust Scheme.

2 Industry Schemes

♦ Industry Schemes have been established specifically for employers and employees in the construction and catering industries, both of which are characterized by high labour mobility and the fact that most workers are casual employees employed on a day-to-day basis or for a fixed period of less than 60 days. Industry Schemes make it more convenient for employers to calculate MPF contributions, as well as simplifying the MPF administrative procedures that employers handle.

Please visit Industry Scheme webpage for details:

https://www.mpfa.org.hk/en/mpf-system/types-of-mpf-schemes/industry-schemes

[1] Besides Master Trust Schemes and Industry Schemes, the MPF System also includes employer-sponsored schemes. This type of scheme is established by individual employers with their trustees, and is only open to the employees of those employers and of their affiliated companies. Because of the restrictions on membership in such a scheme, it is only cost-effective for an employer to run its own employer-sponsored scheme if it has a large number of employees.

- Some employers in the construction and catering industries also engage regular employees[2] (i.e. staff who are employed for a fixed period of 60 days or more), such as clerks and accounting staff. If these employers employ casual employees and regular employees at the same time, they may arrange for casual employees to join an Industry Scheme and regular employees to join a Master Trust Scheme.

- However, such employers may also elect to enrol all their employees, both regular and casual, in an Industry Scheme. This arrangement may help streamline the associated MPF administrative work.

[2] For the definition of regular employees, please refer to the section "Employees must be enrolled in an MPF scheme" on page 12 of this Handbook.

2 Selecting an MPF trustee and scheme

- After the establishment of a company, employers should select an MPF trustee and scheme. A "List of MPF Approved Trustees" and a "List of Registered MPF Schemes" are available on the MPFA website (www.mpfa.org.hk) (Homepage > Information Centre > Public Registers) for employers' reference.

- Employers should select a suitable trustee and scheme based on the needs of the company and its employees. Employers should consider the following factors when evaluating trustees:

  - The range and quality of the services provided;
  - Whether the product choices available (schemes and funds) are adequate and meet the needs of their employees; and
  - The fee levels.

- The following resources are available to help employers assess the above factors when they are comparing different trustees and schemes:

  - The **Trustee Service Comparative Platform (tscplatform.mpfa.org.hk/scp/eng)** on the MPFA website, where you can compare the MPF fund choices, account administration and customer services of various trustees;
  - The **MPF Fund Platform (mfp.mpfa.org.hk)** on the MPFA website and its mobile application, where users can compare the performance, fees and risk levels of all MPF funds; and
  - Information provided by trustees such as Key Scheme Information Document, MPF Scheme Brochures and fund fact sheets that provide further details about individual schemes.

Smart Tips

- Authorize a designated person to handle MPF matters and properly follow up the relevant arrangements. This person should also maintain close contact with the trustee to ensure that MPF-related information is disseminated to employees as and when appropriate.

- Provide more than one MPF scheme for employees to select from.

- Regularly review the trustee's services and the scheme's investment performance, and listen to your employees' views about both these matters. Consider switching to another trustee and/or scheme if necessary, but communicate this decision to your employees well in advance.

3 Procedures for joining an MPF scheme

- To join a scheme, employers should either contact the trustee of their choice directly, or make the arrangements through an MPF intermediary.

- Employers will receive a notice of participation from the trustee after they have joined an MPF scheme.

4 Updating company information

- Trustees and the MPFA may disseminate information to employers and/or contact employers directly from time to time. Employers must therefore give written notice to their trustees within 30 days of changes being made to their company particulars (including their company name, business address, telephone number and fax number). Some trustees make available a form for employers to notify them of changes to their company particulars.

Offences and Penalties

Employers who fail to notify their trustees in writing of changes to their company particulars (including their company name, business address, telephone number and fax number) are liable to a financial penalty of $5,000 for the first offence, and up to $20,000 for subsequent offences.

5 Frequently-asked questions

1 Before my company selects and joins an MPF scheme, can I ask different trustees to conduct briefings for my employees, to help them get a better understanding of the individual trustees' services and products?

Certainly. An arrangement like this would help employees gain a better understanding of the range of services and other details of the MPF schemes provided by each trustee. It would also allow you, as an employer, to take your employees' opinions into account when making a final decision on the choice of MPF schemes.

Points to note for Industry Schemes employers

Selecting an MPF scheme

- In view of high labour mobility in the construction and catering industries, Industry Schemes have been established for both industries to streamline the MPF arrangements for employees and their employers. For instance, if you engage casual employees who already have MPF accounts in the Industry Scheme that you participate in, only the employees' MPF account numbers are needed for you to make contributions for them immediately. Furthermore, you are not required to keep records of the employees' contribution details as Master Trust Scheme employers are required to do.

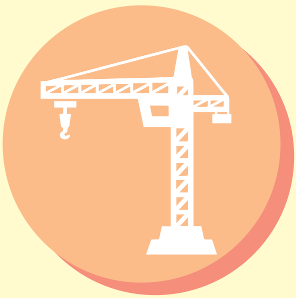
- For the purpose of the Industry Schemes, the construction industry is divided into the following eight major work categories:

Foundation and associated works

Civil engineering and associated works

Demolition and structural alteration works

Refurbishment and maintenance works



General building construction works

Fire services, mechanical, electrical and associated works

Gas, plumbing, drainage and associated works

Interior fitting out works

- For the purpose of the Industry Schemes, the catering industry includes holders of food business licenses or permits under the Food Business Regulation (Cap 132X, Laws of Hong Kong), canteens at schools and workplaces, and catering establishments inside clubs. Here are some examples:

- Food factories, milk factories, frozen confection factories and bakeries
- Restaurants
- Factory canteens
- Siu mei and lo mei shops
- Cold stores

- Fresh provision shops
- Cooked food stalls operating in public markets
- Cooked food stalls that have been granted hawker licenses
- Chinese herb tea shops
- Composite food shop

Upon employment

Enrol employees in an MPF scheme by the deadline

Enrol employees in an MPF scheme upon employment

1 Employees must be enrolled in an MPF scheme

- Employers should enrol all their regular and casual employees in the MPF scheme that the employers have joined.

- Who counts as regular employees?
  Employees who are:
  - Aged 18 to 64;
  - Working either full-time or part-time; and
  - Employed for a continuous period of 60 days or more.

- Who counts as casual employees?
  Employees who are:
  - Employed in the construction industry or catering industry on a daily basis, or for a fixed period of less than 60 days.

More about the "60-day" employment rule

- The "60-day" rule refers to the duration of the employment relationship that an employer and an employee have entered into. The 60 days is not the number of the employee's actual working days, and it includes Saturdays, Sundays and public holidays.

- It applies to both full-time and part-time employment; and

- It is not related to the "418" rule under the Employment Ordinance. The number of actual working days or hours that a part-time employee has worked is irrelevant. Even if the employment does not fulfil the requirements of the "418" rule, an employer must enrol an employee in an MPF Scheme as long as that employee is employed for 60 days or more.

  (Under the "418" rule, an employee who has been employed continuously by the same employer for four weeks or more, with at least 18 working hours in each week, is regarded as being employed under a "continuous contract".)

Please note

It is an offence for employers to evade their MPF obligations by intentionally breaking up an employee's employment term into periods of less than 60 days.

2 Exempt persons

- The following persons are exempted from joining an MPF scheme:
  - domestic employees (such as foreign domestic helpers and part-time houseworkers);
  - hawkers;
  - people from overseas who enter Hong Kong for the purpose of employment for a period of less than 13 months;
  - people from overseas who enter Hong Kong for the purpose of employment and are covered by overseas retirement schemes;
  - members of occupational retirement schemes which have been granted exemption certificates;
  - people covered by statutory pension or provident fund schemes (such as civil servants and subsidized or grant school teachers); and
  - employees of the European Union Office of the European Commission in Hong Kong.

Points to note when employing expatriates and deploying Hong Kong employees to work overseas

- If expatriates who entered Hong Kong for the purposes of employment for less than 13 months subsequently have their working visas extended, and if they are not covered by any overseas retirement scheme, then they cease to be exempted from joining an MPF scheme from the first day after the expiry of the 13-month period. Their employer should enrol them in an MPF scheme within 60 days of that day.

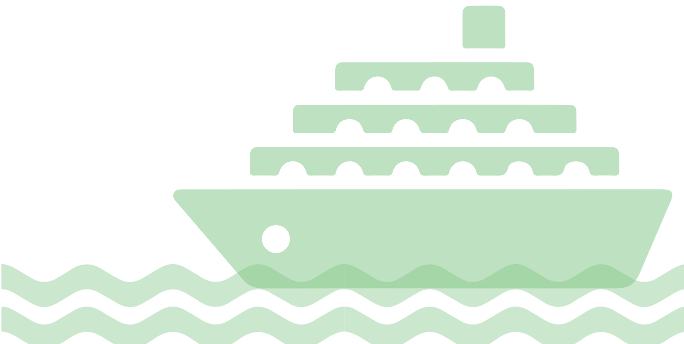
- If, after completing studies in Hong Kong, a non-local graduate who entered Hong Kong on a student visa is permitted to work in Hong Kong under the Immigration Arrangements for Non-local Graduates (IANG), the graduate is not exempted from joining an MPF scheme as long as the total combined validity period of the student visa and IANG exceeds 13 months. An employer should enrol such a graduate in the MPF scheme selected by the employer within 60 days of the first day of employment.

- Employers who deploy their Hong Kong employees overseas should refer to the “Guidelines on MPF Coverage on Employees Working Outside Hong Kong” (Guideline Part IV.16) issued by the MPFA to learn more about the usual arrangements for enrolling these employees in an MPF scheme. The Guidelines are available on the MPFA website (www.mpfa.org.hk) (Homepage > Information Centre > Legislation & Regulations > Guidelines > Current Version > Part IV - Scheme Operation). Employers can also contact their trustees with any enquiries.

Case Study

- Should seafarers be enrolled in an MPF scheme?

  A former ship’s steward lodged a complaint with the MPFA against his employer for not enrolling him in an MPF scheme. After investigation, the MPFA found that the steward was employed by the shipping company as a seafarer under crew agreements within the terms of the Merchant Shipping (Seafarers) Ordinance. The MPFSO states that people who work under such crew agreements, as well as people who work on ships not registered in Hong Kong, are not “relevant employees” regulated by the MPFSO. This means that when the steward was employed as a seafarer, he was not covered by the MPF System, and his employer was therefore not required to enrol him in an MPF scheme.

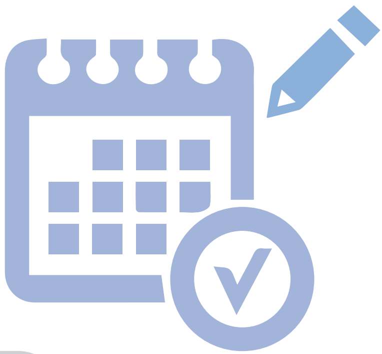


3 Enrolment deadline

Regular employees: 60 days is the key

- Employers must enrol employees in an MPF scheme in the first 60 days of their employment. Please note that employment "probation periods" have no bearing on this arrangement. You must still enrol your employees in the first 60 days of their employment even if they are undergoing a three-month or half-year probation period, for instance.

- Never wait until you are due to make the first contributions for an employee before enrolling the employee in an MPF scheme. If you do, you are likely to miss the enrolment deadline and breach the law. A better arrangement would be for you to include enrolling your new employee in an MPF scheme as one of the standard administrative procedures you carry out when any new employee begins employment.



Offences and Penalties

It is an offence for employers to fail to enrol their employees in an MPF scheme by the deadline. Upon conviction, an offender is liable to a maximum penalty of a fine of $350,000 and imprisonment for three years, and to a daily penalty of $500 for continuing offences.

Example

An employee starts a job on 16 June with a three-month probation period

Although the employee's probation period will not end until 15 September, the employer should enrol that employee in a scheme on or before 14 August (i.e. the 60th day of employment).

JUNE

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

JULY

SUN	MON	TUE	WED	THU	FRI	SAT
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

AUGUST

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

SEPTEMBER

SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Three-month probation period

Enrolment Deadline

* If the 60th day of employment falls on a Saturday, a Sunday, a public holiday, a gale warning day (i.e. a tropical cyclone warning signal no. 8 or higher) or a black rainstorm warning day, the enrolment deadline will be postponed to the next working day.

4 Enrolment procedures

STEP 1

Employers should provide the following documents to their employees as soon as possible after they commence employment:

- An enrolment form for an MPF scheme (one or more schemes selected by the employer) for their employees to fill in; and
- Information about the MPF scheme(s) selected by the employers, for their employees' reference.

STEP 2

Employers should remind employees to complete the enrolment form with the following details:

- Their personal particulars (including correspondence address, contact telephone number, and date of birth);
- Their fund choices; and
- Their signature.

STEP 3

Employers should return the completed form to their trustees before the enrolment deadline, so the trustees can open an MPF account for the employees.

- Employers are required by law to take all practicable steps to ensure that their employees become members of a registered MPF scheme in the first 60 days of their employment. To avoid delays in enrolment and hence breaches of the law, employers should remind employees of the need for them to duly complete, sign and return the enrolment form, as well as provide all possible assistance to them in doing so.

STEP 4

Upon receiving and accepting an enrolment application, the trustee will issue a notice of participation to the employees.

- The notice of participation contains the name of the scheme, the name and address of the trustee of the scheme, the employee's name, and the issue date of the notice.

Smart Tips

- Arrange for trustees to conduct briefings for employees about the details of their MPF schemes and the fund choices available.

- Allow sufficient time for employees to study the documents so they can familiarize themselves with the funds available in the scheme, and make their own choice of funds for their investment portfolio.

- Remind employees that if they do not provide investment instructions in the enrolment form, their MPF benefits will be invested automatically according to the Default Investment Strategy (DIS); and advise employees to learn more about the DIS by reading the scheme offering documents carefully.

- Provide information about the DIS to employees, so that they know they can choose to invest their MPF benefits:
  - entirely according to the DIS; or
  - entirely in one or more MPF funds (including in either or both of the two funds under the DIS, the Core Accumulation Fund and the Age 65 Plus Fund, and in other funds); or
  - in a combination of the DIS and other MPF funds (the availability of this option is subject to the governing rules of the respective schemes).

- Remind employees to manage their accumulated MPF benefits from previous jobs so as to avoid creating a new personal account; and remind those who already hold more than one personal account to consider consolidating multiple personal accounts into one for easy management.

- Remind employees to include their correspondence address and contact telephone number on the enrolment form to ensure that they receive MPF information from trustees in a timely manner.

5 Frequently-asked questions

1 My company has hired a part-time clerk for one year. The clerk will only work one day a week, for four hours. Do I need to enrol the clerk in an MPF scheme?

Yes you do, because the employment will last for one year. According to the MPFSO, employers should enrol both full-time and part-time employees in an MPF scheme if they are employed for a period of 60 days or more, regardless of the number of their actual working days or hours.

2 What should I do if an employee does not complete the enrolment form?

You are required by law to take all practicable steps to ensure that your employees become members of a registered MPF scheme in the first 60 days of their employment. You should therefore provide all possible assistance to employees in enrolling in an MPF scheme, such as by reminding them to complete all details on the enrolment form (including their correspondence address, contact telephone number, date of birth, and investment choices) and to return it on time, and by helping them if they have difficulties in filling in the form. If an employee has not completed the form by the enrolment deadline, you should still send the incomplete form to the trustee in order to fulfil your obligations as an employer.

3 If I submit an incomplete enrolment form for an employee to my trustee, will the trustee be able to open an account for that employee?

The trustee will ask you to follow up with the employee, and this may result in a delay in enrolment. If you cannot provide a completed enrolment form, the trustee will not be able to open a contribution account for that employee. In such a situation, the contribution arrangements vary from trustee to trustee. Contributions for subsequent wage periods may be deposited in a temporary account. You should therefore remind your employees to complete and return the enrolment form on time, and provide them with all possible assistance in doing so.

4 Should I enrol summer interns in an MPF scheme?

If summer interns are employed for a continuous period of 60 days or more and they are over 18, you must enrol them in an MPF scheme whether they work full-time or part-time.

5 Is it necessary for me to enrol my chauffeur in an MPF scheme?

Yes, it is. Under the MPFSO, domestic employees are exempt persons. Domestic employees are those who provide domestic services in the residences of their employer. Your chauffeur does not provide domestic services and hence is not a domestic employee. You must enrol him/her in an MPF scheme.

! Pay attention to AEOI arrangement

The requirements relating to the Automatic Exchange of Financial Account Information (AEOI), which apply to MPF and ORSO schemes, took effect on 1 January 2020. Self-certification will be required from account holders for all new MPF and ORSO accounts opened on or after the effective day for submitting to MPF trustees or ORSO employers/administrators to verify scheme members' tax residency. Otherwise, the account opening process will be adversely affected and could not be completed.

Employers should remind their employees to complete the enrolment form (including to complete the newly added tax residence self-certification) on time, and provide employees with all possible assistance in doing so.

Details of AEOI: https://www.ird.gov.hk/eng/tax/dta_aeoi.htm

ⓘ Points to note for Industry Schemes employers

Enrol employees in an MPF scheme

- Employers in the construction and catering industries may enrol both their regular employees and their casual employees in an Industry Scheme. The arrangement for enrolling regular employees in an Industry Scheme is the same as that for enrolling them in a Master Trust Scheme.

- The MPF arrangements for casual employees in the construction and catering industries are different from those for regular employees. According to the MPFSO, "casual employees" refers to employees in the construction and catering industries whose employment is on a day-to-day basis or for a fixed period of less than 60 days. The MPFSO states that the "60-day" employment rule and the "418" rule under the Employment Ordinance are not applicable to casual employees. This means that employers should enrol casual employees in an MPF scheme selected by the employers (be it an Industry Scheme or a Master Trust Scheme) even if they are only employed for one day.

Enrolment deadline

- Casual employees in the construction and catering industries can open casual employee accounts with each of the two Industry Scheme trustees in advance. The two trustees will each provide the employees with a "casual employee card". If an employer hires casual employees who already have a casual employee account in the same scheme as the employer, the employer does not need to enrol the employees in that scheme again. This arrangement saves time in processing enrolment forms. The employer only needs to ask for the employees' "casual employee card", or the account number/casual employee number printed on the card, after which contributions can be made for them right away.

- If casual employees do not have casual employee accounts under any Industry Scheme, or if they have a casual employee account under an Industry Scheme different from the one their employer have joined, employers are required to enrol them in the Industry Scheme selected by the employers. Employers must do this in the first 10 days of their employment, regardless of the length of the employment period. Employers who refuse to make contributions for employees who do not have MPF accounts under the Industry Scheme they participate in will be in breach of the MPFSO.

- Employers should send the contact information of the employees to the trustee as soon as possible to complete the account opening procedure.

Frequently-asked questions

1 **What should I do if casual employees cease employment before the enrolment deadline?**

As an employer, you are required by law to enrol casual employees in an MPF scheme in the first 10 days of their employment, even if the employment is terminated within this period. At the same time, you should contact your trustee about making contributions for such employees.

2 **Do employers in the construction or catering industries participating in Master Trust Schemes need to enrol casual employees in their MPF schemes and make contributions?**

Yes. They should enrol their casual employees in their MPF scheme in the first 10 days of their employment, regardless of the length of the employment period, and pay contributions to the trustees in the 10 days following each wage period.

3 **I am a restaurant owner and often hire part-time helpers for wedding banquets. Do I have to enrol these employees in an MPF scheme and make contributions for them?**

Yes. You must enrol all casual employees who are employed on a daily basis or for a fixed period of less than 60 days in an MPF scheme, and make contributions for them. Consider enrolling them in an Industry Scheme. Industry Schemes are established specifically for the construction and catering industries, which are characterized by high labour mobility. Industry Schemes provide employers with simpler and more convenient MPF arrangements.

4 **Is it correct to say that casual employees have to open casual employee accounts on their own and I, as an employer, only need to make contributions for them?**

No, it is incorrect. Despite that the casual employees can open casual employee accounts by themselves with the two Industry Scheme trustees, you are obliged to enrol them into an MPF scheme if they have not opened an account in advance.

When you hire a casual employee, you should ask whether the employee has a casual employee account under the same Industry Scheme that you have joined. If not, you will need to ask the employee to fill out an enrolment form, and enrol him/her in the scheme. The information that an employee needs to provide in the enrolment form includes correspondence address, contact telephone number, date of birth, and investment choices. You should submit the completed enrolment form to the trustee in the first 10 days of the employee's employment.

During their employment

Make contributions for employees on time

Make contributions for employees on time during their employment

1 Definition of relevant income

- Employers are required to calculate the amount of mandatory contributions payable based on their employees' relevant income, and then pay these contributions to trustees on time.

- "Relevant income" refers to any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance, expressed in monetary terms, paid or payable by an employer to an employee, but excluding severance payments or long service payments under the Employment Ordinance.

- Only benefits in monetary terms count as relevant income. If an employer provides benefits in the form of goods or services (such as uniforms, holiday travel, medical services, life insurance, furniture, training, etc.), these non-monetary benefits do not need to be included in relevant income.

2 Calculating contributions

- Employers are required to calculate their employees' relevant income and the amount of mandatory contributions payable for each contribution period (i.e. wage period).

- Mandatory contributions are made up of two parts: the employer's part and the employee's part. Both employers and employees are required to make mandatory contributions, each equal to 5% of the employees' relevant income (i.e. 10% in total).

- Mandatory contributions are subject to the minimum and maximum relevant income levels, and the maximum contribution amount. If an employee's relevant income is less than the minimum relevant income level, the employee is not required to pay contributions. The employer, however, is still required to pay 5% of the employee's relevant income as the employer's mandatory contributions.

- As of December 2022, the minimum relevant income was $7,100 monthly, and the maximum relevant income was $30,000 monthly. The maximum contributions for employers and employees are $1,500 each monthly.

  (The MPFA regularly reviews and adjusts the relevant income levels for mandatory contributions. Please visit the MPFA website at www.mpfa.org.hk for information about the latest minimum and maximum relevant income levels.)

- The table below shows how to calculate mandatory contributions:

(Applicable to monthly-paid employees and their employers)

Monthly relevant income	Mandatory contributions	
	Employer's contributions	Employee's contributions
Less than $7,100	Relevant income x 5%	Not required
$7,100 to $30,000	Relevant income x 5%	Relevant income x 5%
More than $30,000	$1,500	$1,500

Example

Employee's monthly relevant income		Mandatory contributions		Total
		Employer's contributions	Employee's contributions	
Eg 1	$6,500	$6,500 x 5% = $325	Not required	$325
Eg 2	$18,000	$18,000 x 5% = $900	$18,000 x 5% = $900	$1,800
Eg 3	$40,000	$1,500 (maximum contribution amount)	$1,500 (maximum contribution amount)	$3,000

- The daily maximum and minimum relevant income levels for wage periods shorter than one month are as follows:

Daily relevant income	Wage period shorter than one month
Maximum level	$1,000 per day
Minimum level	$280 per day

- When a wage period is shorter than one month, employers should calculate maximum and minimum relevant income levels by multiplying the daily maximum and minimum relevant income levels by the number of days of that wage period. Whether or not an employee is required to make contributions for a wage period depends on whether the employee's relevant income is more than or less than the minimum relevant income level for that wage period.

Example

An employer elects to pay wages to his employees every week (i.e. every seven days). The maximum and minimum relevant income levels for the wage period are $7,000 ($1,000 x 7) and $1,960 ($280 x 7) respectively. The contributions of the employer and employee are calculated according to the table below:

Employee's relevant income in a given week	Mandatory contributions	
	Employer's contributions	Employee's contributions
Less than $1,960	Relevant income x 5%	Not required
$1,960 to $7,000	Relevant income x 5%	Relevant income x 5%
More than $7,000	$350	$350

- Many trustees provide **online tools or electronic software**, such as online remittance statements, to help employers calculate contributions. Employers only need to enter the relevant incomes of the employees enrolled, and the contribution amounts are calculated automatically. Once the data has been entered, the remittance statements can be submitted to the trustees electronically.

- Tax concessions: Employers can apply for tax deductions for the mandatory and voluntary contributions they make for their employees, provided that the deductions do not exceed 15% of an individual employee's total emoluments.

Smart Tips

- MPF is one of the pillars under the multi-pillar retirement protection framework recommended by the World Bank. If employers would like to enhance their employees' retirement protection, they can make additional contributions (i.e. voluntary contributions) for them on top of their 5% mandatory contributions. Besides building a good employer-employee relationship, making voluntary contributions for employees helps boost staff morale, creates a stronger sense of belonging to the company among staff, and attracts new talent, making for a win-win situation for both employers and employees.

- Please note that unlike mandatory contributions, arrangements for making voluntary contributions (for example, contribution amounts, the vesting scale, the transfer conditions and the withdrawal conditions) are all stipulated in the governing rules of the scheme as agreed between the employer and the trustee, rather than being governed by MPF legislation. Please consult your trustee for details.

3 Making contributions

Contribution day

- After calculating the contributions for the previous wage period, employers are required both to pay the total amount and submit a remittance statement to their trustees on or before the contribution day.

- In general, **the contribution day for a monthly-paid employee is the 10th day of each month**. In other words, employers are required to pay contributions and submit the remittance statement for the previous month to the trustees on or before the 10th day of each month. For instance, the contribution day for the wage period of June is 10 July.

Please note

If a contribution day falls on a Saturday or Sunday, a public holiday, a gale warning day or a black rainstorm warning day, the contributions are due on the next working day.

- Even if one or more public holidays occur immediately before a contribution day, the contribution day does not change. It remains the 10th day of the month.

- Employers are required to deduct the employee's contributions from the employee's income, and pay this amount together with the employer's contributions (taken from their own funds) to the trustees on or before the contribution day.

Smart Tips

- The MPFA created an electronic "MPF Contribution Days" Calendar for employers to conveniently check the contribution day for each month. You can add the "MPF Contribution Days" Calendar to your electronic calendar of your smartphone or other mobile devices. Please visit the following link to subscribe to the calendar:

  https://www.mpfa.org.hk/en/mpf-system/mandatory-contributions/mpf-contribution-days-calendar

- Regardless of the length of a wage period (i.e. even if it is weekly or bi-weekly), the contribution day for regular employees is always the 10th day of the month following the month in which the last day of the wage period falls (e.g. if there are two wage periods in a month, say 1-15 June and 16-30 June, the contribution day for both wage periods is 10 July).

4 Completing remittance statements

- Each month when they pay contributions to their trustees, employers should also submit a duly completed remittance statement. The trustees will use this to allocate the contributions to the accounts of each employee.

- Employers are required to submit a remittance statement even if they pay their contributions by autopay.

- Wherever possible, employers should make use of online systems or contribution software to submit the remittance statement to their trustees, as electronic submissions help ensure accuracy and save time.

- Upon request, trustees can provide employers with an electronic or pre-printed remittance statement which includes a full record of past contribution payments. All employers need to do is to verify the information, or update the contribution amounts and information regarding individual employees (if needed), before submitting it to the trustees. This helps reduce administrative work.

- Please ensure the following information is included in every remittance statement:
  - ♦ Amount of relevant income for each employee;
  - ♦ Amount of employee's and employer's mandatory contributions;
  - ♦ Amount of employee's and employer's voluntary contributions (if any); and
  - ♦ Signatures and company chop (if applicable).

- If an employee has no relevant income in a particular month, a "0" should be marked on the remittance statement against the entry for that employee. Please refer to the instructions in the notes for filling in the remittance statement issued by trustees.

- The contribution amount entered in the remittance statement must be calculated accurately. The total sum must be the same as the amount paid to the trustees. If this is not the case, trustees may not be able to process the contributions, and may report such cases to the MPFA as cases of employers defaulting on contributions.

Other points to note:

- Employers who do not submit remittance statements by electronic means may mail the statement to their trustees, together with a cheque for the contributions. In these cases, employers should keep a copy of both the remittance statement and the cheque for their records.

- If the remittance statement is sent by fax, it is recommended that employers keep the fax journal or note down the date when the document was sent for verification in future if needed.

Offences and Penalties

Failure to submit a remittance statement will cause delays in the handling of contributions by trustees, and hence in MPF investment being made for employees. Non-complying employers are liable to a maximum financial penalty of $50,000.

5 Payment methods

- Employers can select from different channels (where provided by trustees) to pay contributions.

Please ensure contributions and remittance statements are sent to the trustees on or before the contribution day (i.e. the 10th day of each month). Employers may be considered as defaulting on contributions if they fail to do so.

Payment method	Points to note	Date when contributions are considered paid to trustees
By post (by cheque)	• Ensure sufficient funds in bank account for cheque clearance. • A 'bounced' cheque will be considered as defaulting on contributions. • **Must allow sufficient mailing time** to ensure delivery of contributions and remittance statement to trustees on or before the contribution day.	The date when the cheque is delivered to the trustee **(not the date when the cheque is mailed out or the postmark date)**.
In person (by cheque via drop-in box in a trustee's designated collection centre)	• Ensure sufficient funds in bank account for cheque clearance. • A 'bounced' cheque will be considered as defaulting on contributions.	The date when the cheque is put into the drop-in box in a trustee's designated collection centre.
Direct debit (by autopay)	• Ensure remittance statement is submitted to the trustees on or before the contribution day. • Ensure sufficient funds in bank account for debiting. • If there is a debit limit for the transfer account, ensure the authorized debit limit is sufficient for settling the contribution amount. • Unsuccessful debit will be considered as defaulting on contributions.	The date when trustees receive the remittance statement from employers.
Direct credit	• Ensure funds are credited to the bank account of the MPF scheme on or before the contribution day. • Ensure remittance statement and relevant contribution information is sent to the trustees on time so trustees can verify that the credited amount is correct.	The date when the funds are credited to the bank account of the MPF scheme.

Smart Tips

- Generally speaking, trustees consider the date when the cheque for contributions is received as the date on which employers have completed the contribution payment. Employers therefore should not consider the payment process to be completed on the date when the cheque is mailed out, or the date shown on the postmark. It is recommended that employers check with their trustees about their arrangements for completing contribution payments.

- The payment procedure is considered complete only when the contributions and remittance statement have reached the trustees. To avoid being considered as defaulting on contributions, employers should pay the contribution directly to the trustees, or directly at the trustees' designated bank branches/customer service counters if they pay the contributions in cash. Employers should avoid making payment through a middleman (including an MPF intermediary). The same applies when employers make payment by cheque.

- For greater efficiency, reliability and convenience in managing their MPF transactions, employers should use the electronic services provided by the trustees, including:
    - Preparing remittance statements using e-tools to reduce manual processing which will help ensure accuracy and avoid default contributions caused by calculation errors;
    - Paying MPF contributions by electronic means instead of paper cheques; which will speed up delivery time and avoid disputes about the payment date; and
    - Using e-services to reduce paper-based transactions which will help save the environment.

- The MPFA is working at full steam to develop the eMPF Platform to advance digital transformation for the benefit of MPF scheme members, employers and other stakeholders. Upon completion of the eMPF Platform, it will be launched by phases. Before the Platform is in place, employers should make good use of the electronic services and tools provided by the trustees, so as to get better prepared for digital transformation. This will also help them enhance the accuracy and efficiency of overall MPF administration.

Offences and Penalties

If employers do not pay contributions or fail to pay contributions on time, or if the contribution amount they pay is insufficient, they will be considered as defaulting on contributions. Trustees are obliged to report cases of defaulting on contributions to the MPFA, who may then take enforcement actions as follows:

Surcharge

Defaulting employers will be liable to a surcharge equivalent to 5% of the contributions in arrears. All surcharges received will be fully credited to and vested in the MPF accounts of the employees concerned. Defaulting employers are obliged to pay the surcharge regardless of their reasons for defaulting. The MPFA is not empowered to withdraw the surcharge.

Civil Actions and Criminal Prosecution

The MPFA may file civil actions to recover contributions in arrears, and also initiate criminal prosecution against non-complying employers. Upon conviction, offenders are liable to a maximum penalty of a fine of up to $450,000 and imprisonment for up to four years. In cases of continued offending, an extra daily penalty of $700 may also be imposed.

If a defaulting employer fails to comply with a court order to pay the contributions in arrears or the surcharge within 14 days of the payment deadline, the employer is liable to a maximum penalty of a fine of up to $350,000 and imprisonment for up to three years upon conviction. In cases of continued offending, an extra daily penalty of $500 may also be imposed.

Financial Penalty

On top of the surcharge, an employer who defaults on contributions is liable to a financial penalty of $5,000 or 10% of the defaulting amount, whichever is greater.

Smart Tips

- Do not wait for the MPFA to issue the "Payment Notice for Outstanding Mandatory Provident Fund Contributions and Contribution Surcharge" if you know you have contributions in arrears. Contact your trustee as soon as possible to ask for the total amount due (including both the contributions in arrears and the surcharge), and settle the outstanding contributions and surcharge at the same time.

6 Three common misconceptions about making contributions

Misconceptions	The Right Way
1 **I have already posted the cheque!** I posted the cheque to my trustees on the contribution day, so I was on time in making contributions.	✓ **Allow sufficient postal delivery time and affix sufficient postage** to ensure the contributions and remittance statement **reach the trustees** on or before the contribution day. • **The postmark date on the envelope is not considered as the date on which the employer makes the contributions.**
2 **I have previously set up an autopay arrangement for making contributions. All I forgot to provide was the remittance statement!** As long as I have made contributions by autopay, I should not be considered as defaulting on contributions.	✓ Ensure that autopay has been set up for making contributions on or before the contribution day, and there are sufficient funds in the bank account for debiting. • **If trustees fail to debit from the autopay account on or before the contribution day, employers will be considered as defaulting on contributions.** ✓ Ensure the **duly completed remittance statement** reaches the trustee on or before the contribution day. • **If employers do not submit the remittance statement, or have filled in inaccurate information, trustees will be unable to process the payment by autopay. In such cases, employers will be considered as defaulting on contributions.**
3 **I did not receive the pre-printed remittance statement from my trustee!** My trustee used to send me a pre-printed remittance statement. However I did not receive it this month, so my trustee is responsible for the delay.	✓ If a pre-printed remittance statement is not available, employers should **fill in the remittance statement on their own**. • **The pre-printed remittance statement is simply an added service provided by trustees, and not their legal obligation.**

Smart Tips

- **Make use of electronic services**
  Make use of the online systems or contribution softwares provided by trustees to ensure the contributions and the remittance statement are submitted accurately and on-time.
- **Remember to submit the remittance statement**
  Employers are required to submit the contributions and the duly completed remittance statement to trustees at the same time, regardless of the way in which payments are made.
- **Make sure everything reaches the trustee on time**
  Employers are considered as having completed the payment process only when the trustees have received the correct amount of contributions and the duly completed remittance statement at the same time. To avoid having a surcharge imposed, please ensure the contributions and the remittance statements reach your trustee on or before the contribution day.

7 Issuing pay-records

- Employers should provide every employee with a pay-record within seven working days of their having paid contributions each month.

- The following information must be included in pay-records:
  - Amount of employee's relevant income;
  - Amount of both employer's and employee's mandatory contributions;
  - Amount of both employer's and employee's voluntary contributions (if any); and
  - Date of making the contributions.

Smart Tips

- Employers do not need to issue a separate pay-record to employees if the information required in a pay-record has already been included in their pay slips.

Offences and Penalties

Failure to provide monthly pay-records* to employees on time is liable to a financial penalty of $10,000 on the first occasion, and up to $50,000 for subsequent failures.

If employers provide false or misleading information to employees in the monthly pay-records*, they are liable to a maximum penalty of a fine of $100,000 and imprisonment for one year on the first conviction; and a maximum penalty of a fine of $200,000 and imprisonment for two years on each subsequent conviction.

**Industry Scheme employers should refer to the section "Contribution arrangements" for Industry Schemes on page 52 for more about the statutory requirements for issuing pay-records to casual employees under Industry Schemes.*

8 Keeping records

Employers are required by law to keep proper records of certain MPF-related matters, and to retain these records for specific periods of time. If it is undertaking enforcement actions, the MPFA has the right to ask employers to provide relevant MPF records within a specified timeframe.

Types of Record	Retention Period
Employee's employment contract, records of an employee's relevant income (including a breakdown* of that income), and payment dates * Breakdown includes wages, salary, leave pay, fees, commissions, bonuses, gratuities, perquisites and allowances	At least 6 months from the date of relevant payment
Information in remittance statements, including the amount of relevant income of each employee, the amount of the employer's and employee's mandatory contributions, and the amount of employer's and employee's voluntary contributions (if any)	At least 7 years from the date remittance statements are issued

Offences and Penalties

Any person who obstructs, hinders or interferes with the MPFA or any party authorized by law to perform enforcement actions is liable to a maximum penalty of a fine of $100,000 and imprisonment for 12 months on the first conviction; and a maximum penalty of a fine of $200,000 and imprisonment for 2 years on each subsequent conviction.

9 Contribution arrangements for new employees

Contribution holiday

- Only employees can enjoy a contribution holiday.

- **The contribution holiday for employees is the first 30 days of their employment and the following incomplete wage period** (i.e. the wage period in which the 30th day of employment falls). (Please refer to the example on page 42).

- Employees are not required to make contributions during the contribution holiday. Employers should not deduct employees' contributions from their relevant income during that period.

- **Employers do not enjoy a contribution holiday.** Employers should make the employer's contributions for employees from the first day of their employment (including the period of an employee's contribution holiday). Employees' contributions should be calculated from the first day following the end of the contribution holiday.

- **The contribution holiday does not apply to casual employees in the construction and catering industries**, regardless of whether they are enrolled in an Industry Scheme or a Master Trust Scheme. Both employers and casual employees in these two industries are required to make contributions from the first day of employment.

First contributions

- If a new employee is paid on a monthly basis, the first contributions for that employee should be paid on or before the contribution day (i.e. the 10th day) of the calendar month following the one in which the 60th day of employment falls.

Offences and Penalties

If an employer without reasonable excuse deducts the employee's contribution from the employee's relevant income during the employee's contribution holiday, the employer is liable on first conviction to a penalty of a fine of $100,000 and to imprisonment for 6 months, and to a penalty of a fine of $200,000 and to imprisonment for 12 months on each subsequent conviction.

Example

An employee's first day of employment is 16 June. The wage period runs from the first to the last day of each calendar month.

JUNE

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

JULY

SUN	MON	TUE	WED	THU	FRI	SAT
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

AUGUST

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

SEPTEMBER

SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Contribution holiday

The employee is not required to make contributions during the "contribution holiday", which includes:

- 16 June to 15 July (the first 30 days of employment); and
- 16 July to 31 July (the incomplete wage period following the first 30 days of employment).

Hence, MPF deductions from the employee's salary only need to start from August. The employer, however, should calculate the employer's contributions from the first day of the employee's employment, i.e. 16 June.

Wage period from which the employee's contribution is deducted for the first time

The 60th day of employment

14 August is the 60th day of employment of the employee

First contribution day

The employer should pay the first contributions for the employee on or before 10 September (i.e. the contribution day of the month immediately following the calendar month in which the 60th day of employment falls).

10 The Employee Choice Arrangement (ECA)

ECA gives employees greater autonomy, by allowing them, once a year, to opt to transfer the MPF benefits in their contribution accounts under current employment to an MPF scheme of their own choice. However, employees do not have to do this, and can simply retain the MPF benefits for investment in the scheme chosen by their employers (the Original Scheme). (For more details about ECA, please refer to the MPFA publication "Employee Choice Arrangement - MPF Boss Tactics", or contact your trustees.)

Employers' administrative arrangements for making contributions are not affected by ECA

- Even if an employer's employees have exercised the right to transfer the employees' part of MPF benefits in their contribution accounts to trustees and schemes of their own choice, in each subsequent wage period the employer is still required to pay new contributions for these employees (i.e. both the employer's and the employee's contributions) to the Original Scheme, not the scheme chosen by the employee;

- ECA does not affect employers' administrative arrangements for offsetting long service payments/severance payments, as employees are not allowed to transfer out the mandatory contributions made by their current employers.

- Employers do not need to get involved if their employees exercise their ECA transfer rights. Employees should contact the trustee of their own choice directly to arrange the transfer.

The MPF rights and obligations of employers remain unchanged. Employers should continue to:

- select one or more MPF trustees and enrol in one or more schemes for their employees to select from;
- enrol new employees in the Original Scheme;
- pay contributions for all employees (i.e. both the employer's and employee's contributions) to the Original Scheme; and
- review the performance of the trustees and schemes regularly and consider switching trustees and schemes to suit the company's needs and those of its employees.

Smart Tips

- Although ECA has no impact on employers' MPF administrative arrangements, a caring employer can:
    - provide employees with the name of the trustee of the Original Scheme and the scheme name, as well as the employer's name and identification number for filling in the Employee Choice Arrangement - Transfer Election Form (Form MPF(S)-P(P));
    - provide employees with the contact details of the trustee of the Original Scheme and of the MPFA, for making direct enquiries about ECA;
    - find out more about ECA in order to answer any questions that employees may have; and
    - help employees understand the rules for transferring benefits derived from voluntary contributions (if any) and answer enquiries about this.
- Some trustees distribute Benefit Statements to employees through their employers. Employers must forward these Statements to their employees within seven working days of receiving them.

11 Frequently-asked questions

1 What should I do if I receive a "Payment Notice for Outstanding Mandatory Provident Fund Contributions and Contribution Surcharge" (Payment Notice)?

Employers are required by the MPFSO to pay accurate contributions on time. If you receive a Payment Notice, you should contact your trustee to settle the contributions in arrears and the surcharge at the same time before the date specified on the Payment Notice. Defaulting on contributions or failing to pay the surcharge are offences.

2 Why does the Payment Notice not contain any information about the amount of contributions in arrears?

The MPFA sends you a Payment Notice, based on a report from the trustee, to inform you that there are records of you having defaulted on contributions or being late in making contribution payments. Generally speaking, there is a time lag between a trustee submitting the report to the MPFA and the MPFA issuing a Payment Notice. During that period, the details of the contributions in arrears (including the amount required to be settled) may change. You will therefore need to contact your trustee before the date specified on the Payment Notice and ask for the latest details in order to settle the contributions in arrears and the 5% surcharge accurately.

To protect scheme members' personal data, only certain basic information (such as the month of defaulting on contributions and the trustee's contact details) is contained in the Payment Notice.

3 Should I wait for the Payment Notice before settling the contributions in arrears?

No. You should contact your trustee to ask for the total amount due and the related administrative arrangements when you know you have any contributions in arrears. You should **pay the contributions in arrears and the surcharge to the trustee at the same time**.

4 How is the surcharge calculated?

The surcharge is 5% of the contribution amount due. Surcharges received will be credited to the relevant employees' MPF accounts. If you have any questions about the calculation of the surcharge or the Payment Notice, please contact your trustee.

5 How can I file an objection against the contribution surcharge?

If you are sure you have paid all contributions for every employee on time together with a duly completed remittance statement, and/or your company does not need to make contributions for particular employees, you may file an objection against the contribution surcharge. The procedures are as follows:

- Download a "Surcharge Objection Form" from the MPFA website (www.mpfa.org.hk) (Homepage > Useful Tools > Forms > For Employers > Filing an Objection to Surcharge); the form is also obtainable from your trustee or downloadable from the trustee's website;
- Complete the "Surcharge Objection Form"; and
- Submit the duly completed form to the MPFA, together with all relevant proof, within 14 days of the date of the Payment Notice. Late objections or objections without relevant proof will not be processed.

6 If my employees earn commissions in a particular month but I cannot determine their amount and pay them immediately in that month, do I need to back-pay the relevant MPF contributions to the exact month when the commissions were earned?

If commissions are not paid in the month when they are actually earned, then they should be calculated as part of the relevant income for the month when they are paid to employees. For instance, if commissions earned in March are not calculated and paid to employees until April, then the commission should be counted as part of the employees' relevant income for the month of April.

7 **I pay contributions for my employees on a monthly basis. When should I pay the final contributions for an employee when that employee reaches the age of 65?**

If an employee remains in employment when he/she reaches the age of 65, neither the employee nor the employer is required to pay mandatory MPF contributions any longer. The contributions should be calculated up to the day before the employee's 65^{th} birthday. The employer should pay the final contributions on or before the 10^{th} of the calendar month following the month in which the employee's 65^{th} birthday falls.

For example, if an employee reaches the age of 65 on 18 July, you should calculate the employer's and employee's contributions up to 17 July, and pay the final contributions on or before 10 August.

8 **How can I determine the contribution day if I pay contributions on a yearly basis?**

If an employer pays contributions on a yearly basis, the contribution day will be the 10^{th} day of the month after the end of the wage period. For instance, if the wage period is from 1 January to 31 December, then the contribution day is 10 January of the following year.

9 **I pay contributions on a yearly basis. How should I pay the final contributions for an employee when that employee reaches the age of 65 during the wage period?**

If an employer pays contributions on a yearly basis and an employee reaches the age of 65 during a wage period, the employer must pay the final contributions on or before the 10^{th} day of the calendar month following the month in which the employee's 65^{th} birthday falls.

For instance, if the wage period is from 1 April to 31 March of the following year, and an employee reaches the age of 65 on 15 February 2022, the employer should calculate the employer's and employee's contributions up to 14 February 2022, regardless of whether the employee is still employed on that date. The final contributions must be paid to the trustee on or before 10 March 2022.

Points to note for Industry Schemes employers

Contribution calculation method

- Employers under Industry Schemes should refer to the contribution scale and pay fixed-sum contributions according to their casual employees' daily relevant income, regardless of the length of the wage period.

- The daily minimum and maximum relevant income levels for casual employees under Industry Schemes are $280 and $1,000[3] respectively. The maximum contribution amount for both employee and employer is $50 per day each.

- Casual employees whose daily relevant income is less than the daily minimum relevant income level (i.e. $280) are not required to make contributions, but their employers are still required to pay the employer's contributions on time. As for casual employees whose daily relevant income is more than the daily maximum relevant income level (i.e. $1,000), both these employees and their employers are each required to pay the maximum contribution amount (i.e. $50).

[3] These are the minimum and maximum levels effective in December 2022. The MPFA regularly reviews and adjusts the relevant income levels for the calculation of mandatory contributions. Please visit the MPFA website at www.mpfa.org.hk for the latest daily minimum and maximum relevant income levels.

- The contribution scale for the mandatory contributions of employers and employees under Industry Schemes is as follows:

Daily Relevant Income	Amount of mandatory contributions	
	Employer's contributions	Employee's contributions
Less than $280	$10	Not required
$280 to less than $350	$15	$15
$350 to less than $450	$20	$20
$450 to less than $550	$25	$25
$550 to less than $650	$30	$30
$650 to less than $750	$35	$35
$750 to less than $850	$40	$40
$850 to less than $950	$45	$45
$950 or more	$50	$50

- Daily-rated casual employees

Example

A casual employee's daily relevant income is $1,200, or $600 per half day, and the wage period is one week, meaning that the employee is paid on a weekly basis. In a particular week, the contributions of the employee are calculated as follows:

Working day	Employee's daily relevant income	Applicable income band under the contribution scale	Employer's contributions (per day)	Employee's contributions (per day)
Mon	$1,200	$950 or more	$50	$50
Tue	$1,200	$950 or more	$50	$50
Wed	(No work)	-	Not required	Not required
Thu	$1,200	$950 or more	$50	$50
Fri	$1,200	$950 or more	$50	$50
Sat	$600 (half-day work)	$550 to less than $650	$30	$30
Sun	(No work)	-	Not required	Not required
Total contribution payable			**$230**	**$230**

- Weekly-rated casual employees

  - Employers of weekly-rated casual employees should first calculate their average daily relevant incomes in a given wage period, then check against the corresponding income band under the contribution scale to determine the applicable daily contribution amount, and finally calculate the total contributions payable for the week.

Average daily relevant income = $\dfrac{\text{Relevant income earned in a wage period}}{\text{No. of working days in the wage period}}$

Daily contribution amount = Check average daily relevant income against contribution scale for contribution amount

Total contribution amount = Daily contribution amount x No. of working days in the wage period

Example

A casual employee works 5 days a week, and has a weekly income of $5,000. The contributions payable by the employee and the employer are calculated as follows:

Weekly income	$5,000
Number of working days	5
Average daily relevant income	$1,000 ($5,000÷5 working days)
Daily contribution amount	$50 (Income falls in income band “$950 or more” under the contribution scale)
Employee’s contributions	$250 ($50x5 working days)
Employer’s contributions	$250 ($50x5 working days)
Total contribution amount	$500

The above contribution calculation method is applicable to casual employees only. If employers also hire regular employees and enrol them in Industry Schemes, the contribution calculation method for these regular employees is the same as that under Master Trust Schemes. This means that employers and employees are each required to make mandatory contributions of 5% of the employees’ relevant income, subject to the minimum relevant income level ($7,100 monthly) and maximum relevant income level ($30,000 monthly) [4].

[4] These are the minimum and maximum levels effective in December 2022. The MPFA regularly reviews and adjusts the relevant income levels for the calculation of mandatory contributions. Please visit the MPFA website at www.mpfa.org.hk for the latest minimum and maximum relevant income levels.

Contribution arrangements

- **Contribution day**

  - Employers who participate in Industry Schemes have two contribution day options for paying contributions for their casual employees:

    - ✓ The next working day after pay-day; or
    - ✓ Any day within 10 days of the end of each wage period.

Please note

If a contribution day falls on a Saturday or Sunday, a public holiday, a gale warning day or a black rainstorm warning day, the contributions are due on the next working day.

- **Remittance statements and pay-records**

  - If employers pay contributions for their casual employees on the next working day after pay-day, they are not required to submit a remittance statement to trustees or issue pay-records to their employees. They only need to submit a simple contribution form to the trustees.

  - If employers choose to pay contributions for their casual employees within 10 days of the end of the wage period, they are required to submit a remittance statement to trustees and issue pay-records to their employees.

- The contribution holiday is not applicable to casual employees in the construction and catering industries. Whether they are enrolled in Industry Schemes or Master Trust Schemes, both employers and casual employees in these two industries are required to make contributions from the first day of employment.

Smart Tips

- Industry Schemes are currently offered by two MPF trustees: the Bank Consortium Trust Company Limited (Tel.: 2298 9333), and the Bank of East Asia (Trustees) Limited (Tel.: 2211 1777). Employers should contact them for any enquiries.

- When hiring a casual employee, you should ask the employee whether he/she has a casual employee account in the same Industry Scheme that you have joined. If so, you can simply ask for the employee's "casual employee card", or for the account number/casual employee number printed on the card. This will enable you to make contributions for the employee right away.

When employees cease employment

Don't forget to notify your trustee

Notifying trustee when employees cease employment

1 Notifying trustee of termination of employment

- When an employee ceases employment, the employer must notify the relevant trustee of the employee's last day of employment.

2 Notification deadline

- The notification to trustees should be made on or before the contribution day in the month following the one in which the last day of employment falls.

Example Employee's last day of employment : 15 June

JUNE

SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

JULY

SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Last day of employment: 15 June

Deadline for employer to notify the last day of employment: 10 July

* Employers may notify the trustee as soon as the employee's last day of employment is confirmed.

Please note

If an employer fails to notify the trustee of the employee's last day of employment by the deadline, the trustee may report to the MPFA that the employer has not yet paid the contributions for all employees, and consider this as defaulting on contributions. To avoid such misunderstanding, the employer must notify the trustee when an employee ceases employment.

3 Notification channels

- Employers can notify trustees of their employees' termination of employment via the following channels:
  - The remittance statement;
  - A completed "Notice of Termination" form provided by trustees; or
  - A notice in writing.

4 Keeping records

- After their employees have left their employment, employers are still required to retain proper records of certain information (such as employees' names, addresses, and the commencement dates of their employment) for a period of at least six months following the date of their departure.

Offences and Penalties

An employer, who fails to notify the trustee of an employee's last day of employment, either by a written notice or via a remittance statement, is liable to a financial penalty of $5,000 for the first failure and up to $20,000 for subsequent failures.

Smart Tips

- When an employee ceases employment, remember to remit the last contribution to the trustee on or before the contribution day (i.e. the 10th of each month) in the month following the one in which the last day of employment falls.
- Remind employees to manage the MPF benefits they have accumulated during employment after they have left their job. If an employee does not do so, the trustee is required by law to automatically open a personal account to accrue the MPF benefits, which will continue to be invested in the same fund(s) that they are already invested in. If the employee does not give any investment instructions for this personal account, all future MPF benefits* put into this account will be invested according to the DIS.
- Remind employees to consider consolidating their multiple personal accounts into one when they change jobs, for easy management.

* Subject to some specific exceptions under the law, such as MPF benefits transferred from another account under the same scheme. Please contact the trustee for more details.

5 Offsetting Long Service Payment/ Severance Payment (LSP/SP) with MPF

- If an employee is entitled to receive LSP/SP according to the Employment Ordinance on ceasing employment, the employer can offset the LSP/SP due against the employer's contributions and the investment returns on those contributions (collectively referred to as the "employer's contributions" from now on) in the employee's MPF account.

- Employers cannot offset the LSP/SP paid to employees by using the employee's contributions and investment returns.

- If you have to pay LSP/SP to an employee, you should approach your trustee as soon as possible to check the net amount of the employer's contributions in the employee's MPF account so that you can select the appropriate offsetting arrangement. After an employer has made full payment of LSP/SP, the employer may find it impossible to be reimbursed when an application for offsetting is made if part or all of the employer's contributions in the employee's MPF account have already been withdrawn under the MPFSO.

  (For information about the conditions under which LSP/SP should be paid to employees, the formula for calculating LSP/SP and the payment deadline, please visit the Labour Department's website (www.labour.gov.hk))

- Under the law, an employer can select one of the following ways to offset the LSP/SP payment:

  1. The employer first pays the gross amount of the LSP/SP to the employee, and then makes application to the trustee requesting reimbursement of the employer's contributions for offsetting.

Please note

- **Please remember to ask the employee concerned to verify the receipt of the LSP/SP in writing, or the trustee may not be able to proceed with the offsetting.**
- **The employer must also remind the employee concerned to provide the correct signature. If the employee's signature is different from the one in the trustee's records, the employer's application for offsetting may be delayed.**

Example

Under the Employment Ordinance, an employee is entitled to receive $30,000 in LSP/SP:

Scenario 1

The total amount of employer's contributions in the employee's MPF account: $80,000

The employer first pays the gross amount of LSP/SP to the employee ($30,000) → The employer makes application to the trustee for offsetting, and part of the employer's contributions is reimbursed ($30,000) → After offsetting, the amount of employer's contributions left in the employee's MPF account is $50,000 (i.e. $80,000-$30,000) vested in the employee

Scenario 2

The total amount of employer's contributions in the employee's MPF account: $10,000

The employer first pays the gross amount of LSP/SP to the employee ($30,000) → The employer makes application to the trustee for offsetting, and all of the employer's contributions are reimbursed ($10,000) → After offsetting, the amount of employer's contributions left in the employee's MPF account is $0 (i.e. $10,000-$10,000)

2. The employer first deducts the employer's contributions from the total amount of the LSP/SP that must be paid to the employee. If the amount of the employer's contributions in an employee's MPF account is not sufficient to fully offset the LSP/SP, the employer must pay the difference to the employee. Any amount left over will be vested in the employee.

Example

Under the Employment Ordinance, an employee is entitled to receive $30,000 in LSP/SP:

Scenario 1

The total amount of employer's contributions in the employee's MPF account: $10,000

The employer pays the employee the difference between the LSP/SP and the employer's contributions ($20,000) (i.e. $30,000-$10,000)

→ The employer makes application to the trustee for offsetting. The trustee pays the employer's contributions ($10,000) to the employee as part of the LSP/SP entitlement

→ After offsetting, the amount of employer's contributions left in the employee's MPF account is $0 (i.e. $10,000-$10,000)

Scenario 2

The total amount of employer's contributions in the employee's MPF account: $80,000

The employer's contributions are sufficient for full payment of LSP/SP

The employer does not need to pay the employee anything

→ The employer makes application to the trustee for offsetting. The trustee pays the employer's contributions ($30,000) to the employee as all of the LSP/SP entitlement

→ After offsetting, the amount of employer's contributions left in the employee's MPF account is $50,000 (i.e. $80,000-$30,000) vested in the employee

Points to note for Industry Schemes employers

Notification of termination of employment

- In view of the high mobility of casual employees, employers are not required to notify trustees of the termination of an employee's employment.

- There is also no need for employers to keep records of contributions for casual employees after they cease employment.

At a Glance: MPF matters to be handled by employers (Master Trust Schemes)

Select an MPF trustee and a scheme after a company has been established

Employers should select a suitable MPF trustee and scheme based on the needs of the company and its employees, and enrol in the scheme.

Enrol employees in an MPF scheme upon their employment

Employers should enrol employees in the MPF scheme selected by the employer in the **first 60 days of their employment.**

Make contributions for employees on time during their employment

Employers must

1. Pay contributions for the previous wage period and submit a duly completed remittance statement to the trustee on or before the contribution day each month;
2. Provide each employee with a monthly pay-record within seven working days of paying contributions to the trustee; and
3. Keep records of contributions of each employee for seven years.

Notify trustees when employees cease employment

Employers should notify the trustee of an employee's termination of employment by a written notice on or before the contribution day following the calendar month in which the last day of employment falls, and keep records.

Employers under **Master Trust Schemes** can use the following checklist to ensure that MPF matters are handled thoroughly and relevant documents are prepared properly:

After a company has been established:

☐ **Select an MPF trustee and enrol in an MPF scheme**

Documents to be prepared:

☐ Enrolment form

☐ Other identification documents (such as Business Registration Certificate, subject to the request of individual trustee)

Upon employment:

☐ **Enrol employees in an MPF scheme**

In the first 60 days of their employment

Documents to be prepared:

☐ Enrolment forms for employees to fill in

☐ Information about trustee and scheme

☐ **Remind employees to complete the enrolment form with the following details:**

- Their personal particulars (including correspondence address, contact telephone number, date of birth, etc.);
- Their fund choices; and
- Their signature.

During employment:

☐ **Make MPF contributions for employees on time**

On or before the contribution day (the 10th of every month)

Documents to be prepared:

☐ Remittance statements to be submitted to the trustee (in written or electronic form)

☐ MPF contributions (Paid by cheque, autopay, in person, etc)

☐ A copy to be kept for record

☐ Pay-records to be issued to employees

- To be issued within 7 working days after paying contributions. If relevant information is included in the pay-slips, the pay-slips can be considered as pay-records

☐ **Pass Benefit Statements to employees**

Employers must pass the Benefit Statements to their employees within 7 working days of receiving them if the trustees have arranged to issue the Statements through the employer

Documents to be prepared:

- ☐ Benefit Statement issued by trustee

Termination of employment:

☐ **Notify trustee of the employee's last day of employment**

On or before the contribution day of the following month

Documents to be prepared:

- ☐ Remittance statement stating the employee's last day of employment
  or
- ☐ Other written notice

Miscellaneous:

☐ **Keep records of contributions properly for seven years**

☐ **Notify trustee of amendments to company particulars**

Within 30 days of making any amendments to company particulars

Documents to be prepared:

- ☐ Written notice (such as form for amendment to company particulars provided by the trustee, subject to the request of individual trustee)

☐ **Maintain regular communication with employees to gauge their views on the trustee's service, as a means of reviewing your trustee's scheme and services**

At a Glance:
MPF matters to be handled by employers
(Industry Schemes)

Select an MPF trustee and a scheme after a company has been established

Employers should select a suitable MPF trustee and scheme based on the needs of the company and its employees, and enrol in the scheme.

Enrol employees in an MPF scheme upon their employment

Employers should enrol employees in the MPF scheme selected by the employers within the **first 10 days of their employment.** *(unless the casual employee has already opened an account in the same scheme in which the employer participates.)*

Make contributions for employees on time during their employment

When paying wages to casual employees, employers may select to:

pay contributions with simple contribution forms to the trustee on the next working day after pay-day. Employers do not need to submit a remittance statement to the trustee, or issue pay-records to employees;

Or

pay contributions and submit a remittance statement to trustee in 10 days after each contribution period, and issue pay-records to employees within 7 working days of making contributions.

(Employers do not need to keep records of contributions for casual employees regardless of how the employer elects to pay the contributions.)

Termination of employment

Employers are not required to notify trustees of the termination of casual employees, or keep records of contributions.

Employers under **Industry Schemes** can use the following checklist to ensure that MPF matters are handled thoroughly and that relevant documents are prepared properly:

After a company has been established:

- [ ] **Select an MPF trustee and enrol in an MPF scheme**

  Documents to be prepared:
  - [ ] Enrolment form
  - [ ] Other identification documents (such as Business Registration Certificate, subject to the request of individual trustee)

Upon employment (after employing a casual employee):

- [ ] **Enrol casual employees in the MPF scheme selected by the employer**

  Within the first 10 days of employment of the casual employees:

  Documents to be prepared:
  - [ ] Enrolment forms for employees to fill in
  - [ ] Information about trustee and scheme
  - If a casual employee has already opened an account under the Industry Scheme in which the employer participates, the employer does not need to enrol the employee in the scheme again

- [ ] **Remind employees to complete the enrolment form with the following details:**
  - Their personal particulars (including correspondence address, contact telephone number, date of birth, etc.);
  - Their fund choices; and
  - Their signature.

During employment:

☐ **Make MPF contributions for casual employees**

On the next working day after pay-day or within 10 days of each contribution period

Documents to be prepared:

Pay contributions on the next working day after pay-day:

- ☐ Simple contribution form to be submitted to trustee
- ☐ MPF contributions (Paid by cheque, autopay, in person, etc.)
- Employers who pay contributions on the day following pay-day need not issue pay-records to employees

Pay contributions within 10 days of each wage period:

- ☐ Remittance statement to be submitted to the trustee (in written or electronic form)
- ☐ MPF contributions (Paid by cheque, autopay, in person, etc.)
- ☐ A copy to be kept for record
- ☐ Pay-records to be issued to employees
- To be issued within 7 working days of paying contributions. If relevant information is included in the pay-slips, the pay-slips can be considered as pay-records

Termination of employment:

☐ **No requirement to notify trustees of the termination of casual employees' employment**

Miscellaneous:

☐ **No need to keep records of contributions for casual employees after they cease employment**

☐ **Notify trustee of amendments to company particulars**

Within 30 days of making any amendments to company particulars

Documents to be prepared:

- ☐ Written notice (such as form for amendment to company particulars provided by the trustee, subject to the request of individual trustee)

☐ **Maintain regular communication with employees to gauge their views on the trustee's service, as a means of reviewing your trustee's scheme and services**

MANDATORY PROVIDENT FUND
SCHEMES AUTHORITY

Hotline : 2918 0102
Fax : 2259 8806
Website : www.mpfa.org.hk

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The information contained in this Handbook is for reference only. It is not legal advice. In case of discrepancies, the provisions stipulated in the Mandatory Provident Fund Schemes Ordinance (Chapter 485) and its subsidiary legislation shall prevail.

1/2023