

MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

IV.8 Guidelines on Enrolment and Contribution Arrangements for Relevant Employees Other Than Casual Employees

INTRODUCTION

Sections 7, 7A and 7B of the Mandatory Provident Fund Schemes Ordinance (“the Ordinance”) provide for the enrolment of relevant employees in Registered Schemes and the making of mandatory contributions.

2. Section 47A of the Ordinance empowers the Mandatory Provident Fund Schemes Authority (“the Authority”) to specify or approve the form and contents of documents required for the purposes of the Ordinance.

3. Section 6H of the Ordinance provides that the Authority may issue guidelines for the guidance of approved trustees, service providers and other persons concerned with the Ordinance.

4. The Authority hereby issues guidelines setting out the enrolment and contribution arrangements in relation to Non-casual Employees who participate in Registered Schemes, and specifying the format of the enrolment form to be used by participating employers.

DEFINITIONS OF TERMS

5. Where a term used in the Guidelines is defined in the Ordinance or the subsidiary legislation then, except where specified in the Guidelines, that term carries the meaning as defined in the Ordinance or the subsidiary legislation.

6. Terms which appear in the Guidelines are defined as follows:
- (a) **“Non-casual Employee”** means a relevant employee other than a Casual Employee.
 - (b) **“Registered Scheme”** means an employer sponsored scheme, a master trust scheme or an industry scheme.
 - (c) **“Permitted Period”** is the period within which an employer must enrol the Non-casual Employees into Registered Schemes. The Permitted Period is 60 days for Non-casual Employees. 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) **“Contribution Period for Employee employed before 1 February 2003”** means:
 - (i) for employer’s mandatory contribution purposes, each period for which the employer pays or should pay relevant income to the employee; and
 - (ii) for employee’s mandatory contribution purposes, each period for which the employer pays or should pay relevant income to the employee, but does not include the first 30 days of employment.
 - (e) **“Contribution Period for Employee employed on or after 1 February 2003”** means:
 - (i) for employer’s mandatory contribution purposes, each period for which the employer pays or should pay relevant income to

the employee; and

- (ii) for employee's mandatory contribution purposes, each period for which the employer pays or should pay relevant income to the employee, but does not include:
 - (a) any wage period commencing on or before the 30th day of employment if the employee's wage period is not more than a month; or
 - (b) the period commencing from the start of employment and ending on the last day of the calendar month in which the 30th day of employment falls if the employee's wage period is more than a month.

(f) **"Contribution Day"**, in respect of a contribution period of a Non-casual Employee which ends before 1 February 2003, means the tenth day after the last day of:

- (i) the relevant contribution period; or
- (ii) the contribution period in which the Permitted Period ends, whichever is the later.

If the Contribution Day 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.

(g) **"Contribution Day"**, in respect of a contribution period of a Non-casual Employee which ends on or after 1 February 2003, means the tenth day after the last day of:

- (i) a calendar month within which the relevant contribution period ends; or
- (ii) the month during which the Permitted Period ends,

whichever is the later.

For Contribution Day which falls before 1 December 2008, if the Contribution Day 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.

For Contribution Day which falls on or after 1 December 2008, if the Contribution Day is a Saturday, 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 Saturday, a public holiday, a gale warning day or a black rainstorm warning day.

- (h) **“Casual Employee”** means a relevant employee who is employed on a day to day basis or for a fixed period of less than 60 days, and engaged in an industry for which an industry scheme is registered.

- (i) **“Employee employed before 1 February 2003”** means a Non-casual Employee whose employment commences on or after 1 December 2000 but before 1 February 2003.

- (j) **“Employee employed on or after 1 February 2003”** means a Non-casual Employee whose employment commences on or after 1 February 2003.

- (k) **“Minimum and Maximum Relevant Income Levels for the Contribution Period which commences before 1 February 2003”** mean:
 - (i) if the employee is remunerated on a monthly basis, \$4,000 and \$20,000 per month respectively; and

- (ii) if the employee is not remunerated on a monthly basis, that amount as prorated.
- (1) ***“Minimum and Maximum Relevant Income Levels for the Contribution Period which commences on or after 1 February 2003”*** mean:
 - (i) if the employee is remunerated on a monthly basis, \$5,000 and \$20,000 per month respectively;
 - (ii) if the employee is remunerated more frequently than on a monthly basis, \$160 and \$650 per day respectively; and
 - (iii) if the employee is remunerated less frequently than on a monthly basis, the amount as prorated based on \$5,000 and \$20,000 per month respectively.
- (m) ***“Wage Period”***, in relation to an employee and his employer, means the period for which the employee is paid, or should be paid, relevant income by the employer.

ENROLMENT AND CONTRIBUTION ARRANGEMENTS

7. The enrolment and contribution arrangements for Non-casual Employees are specified below.

Employees employed before 1 February 2003

8. An employer has to enrol each Employee employed before 1 February 2003 into a Registered Scheme within the first 60 days of his employment. If an employee remains in the same employment for not less than 60 days,

- (a) for the contribution period with the last day of the contribution period falling before 1 February 2003, the contribution day as

determined under paragraph 6(f) would apply;

- (b) for the contribution period with the last day of the contribution period falling on or after 1 February 2003, the contribution day as determined under paragraph 6(g) would apply.

In the event that the employee ceases employment before the end of the 60-day period, both the employer and the employee would be exempted from making mandatory contributions. The minimum and maximum relevant income levels as set out in paragraph 6(k) should apply to contribution periods commencing before 1 February 2003 while the minimum and maximum relevant income levels as set out in paragraph 6(l) should apply to contribution periods commencing on or after 1 February 2003. The prorating arrangement of the minimum and maximum relevant income levels as set out in the circular letters issued on 5 July 2000 and 29 July 2000 would apply to all contribution periods commencing before 1 February 2003. An example on the enrolment and contribution arrangements in respect of an Employee employed before 1 February 2003 is shown in Annex A.

9. An employer may enrol an employee before the end of the 60-day period. Mandatory contributions may also be made before the end of the 60-day period provided that the amounts have been ascertained.

Employees employed on or after 1 February 2003

10. An employer has to enrol each Employee employed on or after 1 February 2003 into a Registered Scheme within the first 60 days of his employment. If an employee remains in the same employment for not less than 60 days, the first mandatory contribution should be made on or before the tenth day after the last day of the calendar month during which the 60-day period ends (i.e. in accordance with paragraph 6(g)(ii)). In the event that the employee ceases employment before the end of the 60-day period, both the employer and the

employee would be exempted from making mandatory contributions. The minimum and maximum relevant income levels as set out in paragraph 6(1) should apply to all the contribution periods. Examples on the enrolment and contribution arrangements in respect of an Employee employed on or after 1 February 2003 are shown in Annex B.

Employer's Signature Requirement for Submission of Enrolment Form on Behalf of Non-Casual Employee to the Trustee

11. In enrolling a Non-casual Employee, an employer is required to confirm the accuracy and completeness of the enrolment information by signing in such area(s) as designated in the enrolment form or by submitting the enrolment form in such manner as the approved trustee may reasonably require. If an employer is not an individual, the enrolment form has to be signed by a duly authorized signatory.

12. An enrolment form is not properly completed for the purpose of section 47A of the Ordinance if it is not completed in accordance with paragraph 11. In the circumstances, trustees may refuse to process the application for enrolment of the concerned Non-casual Employee(s).

VOLUNTARY CONTRIBUTIONS

13. For the avoidance of doubt, subject to the governing rules of the scheme concerned, an employer may make voluntary contributions for and on behalf of a relevant employee during the Permitted Period.

**Illustration: The Enrolment and Contribution Arrangements
for an Employee Employed Before 1 February 2003**

Employee employed before 1 February 2003 with Monthly Payroll which runs from the first day to the last day of the month

Date of employment	:	16 January 2003
30 th day of employment	:	14 February 2003
60 th day of employment	:	16 March 2003
Date of commencement of employer contribution	:	16 January 2003
Date of commencement of employee contribution	:	15 February 2003
Deadline for remittance of first employer/employee contribution	:	10 April 2003
Contribution periods covered by the first payment of employer's mandatory contribution	:	<p>1) 16 January 2003 – 31 January 2003 (with maximum relevant income level of \$20,000)</p> <p>AND</p> <p>2) 1 February 2003 – 28 February 2003 (with maximum relevant income level of \$20,000)</p> <p>AND</p> <p>3) 1 March 2003 – 31 March 2003 (with maximum relevant income level of \$20,000)</p>
Contribution periods covered by the first payment of employee's mandatory contribution	:	<p>1) 15 February 2003 – 28 February 2003 (with minimum and maximum relevant income levels of \$2,240 (being \$160 x 14) and \$9,100 (being \$650 x 14) respectively)</p> <p>AND</p> <p>2) 1 March 2003 – 31 March 2003 (with minimum and maximum relevant income levels of \$5,000 and \$20,000 respectively)</p>

**Illustrations: The Enrolment and Contribution Arrangements
for an Employee Employed On or After 1 February 2003**

I. Employee employed on or after 1 February 2003 with Monthly Payroll which runs from the first day to the last day of the month

Date of employment	:	15 February 2003
30 th day of employment	:	16 March 2003
60 th day of employment	:	15 April 2003
Date of commencement of employer contribution	:	15 February 2003
Date of commencement of employee contribution	:	1 April 2003
Date of remittance of first employer/employee contribution	:	10 May 2003
Contribution periods covered by the first payment of employer's mandatory contribution	:	1) 15 February 2003 - 28 February 2003 (with maximum relevant income level of \$20,000) AND 2) 1 March 2003 - 31 March 2003 (with maximum relevant income level of \$20,000) AND 3) 1 April 2003 - 30 April 2003 (with maximum relevant income level of \$20,000)
Contribution period covered by the first payment of employee's mandatory contribution	:	1 April 2003 - 30 April 2003 (with minimum and maximum relevant income levels of \$5,000 and \$20,000 respectively)

**Illustrations: The Enrolment and Contribution Arrangements
for an Employee Employed On or After 1 February 2003**

II. Employee employed on or after 1 February 2003 with Monthly Payroll which runs from the 15th day of the month to the 14th day of the following month

Date of employment	:	21 November 2009
30 th day of employment	:	20 December 2009
60 th day of employment	:	19 January 2010
Date of commencement of employer contribution	:	21 November 2009
Date of commencement of employee contribution	:	15 January 2010
Deadline for remittance of first employer/employee contribution	:	10 February 2010
Contribution periods covered by the first payment of employer's mandatory contribution	:	1) 21 November 2009 – 14 December 2009 (with maximum relevant income level of \$20,000) AND 2) 15 December 2009 – 14 January 2010 (with maximum relevant income level of \$20,000)
Contribution period covered by the first payment of employee's mandatory contribution	:	N/A
Deadline for remittance of second employer/employee contribution	:	10 March 2010
Contribution period covered by the second payment of employer's mandatory contribution	:	15 January 2010 – 14 February 2010 (with maximum relevant income level of \$20,000)
Contribution period covered by the second payment of employee's mandatory contribution	:	15 January 2010 – 14 February 2010 (with minimum and maximum relevant income levels of \$5,000 and \$20,000 respectively)