

## **About Employers Contribution**

Employers are legally required to make EPF contributions, both the Employee and Employer portions, at the prevailing rates spelt out in the Third Schedule of the EPF Act 1991.

### **Rate of Contributions**

The current rates are 11% for the employee and 12% for the employer, but employers are advised to keep abreast with changes which may take place from time to time.

The amount of contributions must be rounded up to the next Ringgit, and contributions for a particular month must be paid before or on the 15th of that month.

### **Example:**

- Employee A, whose wages for a month is RM1,000, the rate of contributions is RM110.00 for the employee's share and RM120 for the employer's share.
- Contributions for the month of February which is deduction from the January wages must be received by the EPF together with the Form EPF 6 (Form A) for February before or on 15 February.

Deduction of salary for the employee's share of EPF contribution can only be made at the time when his/her wage is paid.

### **Late Contributions**

Late contributions are contributions for a certain month which are received by the EPF after the 15th of that month. They include arrears of contributions and contributions for a certain month/period that have been under paid.

For payment of arrears of contributions, employers are required to use the Form EPF 7 (Form E) and Form EPF 8 (Form F) except for contributions in respect of salary revision which are required to be paid together with the current monthly payment by using the same Form EPF 6 (Form A).

Late payment of contributions is subject to penalties.

### **Penalties and Late Payments**

Late payments of EPF contributions are subject to penalties in the form of:

- Interest

A fine in the form of penalty interest will be imposed on late contributions. Subject to a minimum of RM10, interests are calculated and rounded up to the next multiple of RM10 for each month or part thereof.

- Dividend

The employers will also be required to pay the dividend that is accrued on contributions received late for each month according to the rate approved by the EPF Board for the relevant year

## **Wages**

All remuneration in the form of money paid to an employee under a contract of service or apprenticeship whether it was agreed to be paid monthly, weekly, daily or otherwise is regarded as wages. This includes bonus, commission or any allowance which an employer is required to pay irrespective of whether such a payment is paid under a contract of service or apprenticeship or others.

### **Examples of Payments Liable For EPF Contributions:**

- Payment in lieu of service/apprenticeship
- Payment of unutilized annual leave and medical leave
- Bonus
- Allowance
- Commission
- Arrears of wages
- Maternity leave pay
- Study leave pay
- Payment for half pay leave
- Director's salary
- Other payments under a contract of service or otherwise

### **Examples of Payments Not Liable For EPF Contributions:**

- Service charge
- Overtime payment
- Gratuity
- Director's Fees
- Retirement benefits
- Retrenchment, lay-off or termination benefits
- Any traveling allowance or the value of any traveling concession
- Any other remuneration or payment exempted by the Minister

Note:

The list above is not exhaustive. If you have any queries, please contact the nearest EPF office.

### **Transfer of Retirement Benefits**

An employer may, with the approval of an employee, transfer to the employee's EPF account any money that represents retirement benefit given by the employer to the said employee. Such a transfer can be made through Form EPF 16F.

## Offences and Penalties

The followings are the offences and penalties Under the EPF Act 1991:

Sections	Offences	Penalty
40(1)	Any corporation which fails to notify the Board of such incorporation or registration, within 30 days from the date of its incorporation or registration.	Be liable to imprisonment for a term up to six months or to a fine up to RM2,000 or both.
41(1)	An employer who fails to inform the Board within 30 days from the date he ceases to contribute.	Be liable to imprisonment for a term up to three years or to a fine up to RM10,000 or both.
41(3)	An employer who fails to inform the Board within 30 days from the date he ceases to contribute.	Be liable to imprisonment for a term up to six months or to a fine up to RM2,000 or both.
42(1)	An employer who fails to furnish the statement of wages to his employee.	Be liable to imprisonment for a term up to six months or to a fine up to RM2,000 or both.
43(2)	Any employer who fails, within 15 days to pay to the Fund any contributions on behalf of any employee in respect of any month.	Be liable to imprisonment for a term up to three years or to a fine up to RM10,000 or both.
47(1)	Any employer who deducts or attempts to deduct from the wages or remuneration of any employee the whole or any part of the employer's contribution.	Be liable to imprisonment for a term up to six years or to a fine up to RM20,000 or both.
48(3)	Any employer who deducts the employee's contributions from the wages of an employee and fails to pay the total sum deducted or any part of the sum to EPF.	Be liable to imprisonment for a term up to six years or to a fine up to RM20,000 or both.