ALL ABOUT YOUR RESPONSIBILITY

Know Your Responsibilities As An Employer

Being a responsible employer is simple



As an employer, your responsibilities includes paying EPF contributions in respect of any person you have engaged to work under a Contract of Service or Apprenticeship. You have to ensure accurate monthly contributions are deducted from your employees' salary and remitted to EPF.

Subject to the provisions of section 52, every employee and every employer of a person who is an employee within the meaning of this Act shall be liable to pay monthly contributions on the amount of wages at the rate respectively set out in the Third Schedule.

Section 43(1), EPF Act 1991

When And What To Contribute

Employer must make monthly payment on or before 15th of the month.

Example:

Salary for January 2018

Therefore, the Contribution Month is February 2018 and it has to be paid either before or on 15 February 2018.

The employer needs to pay both the employees' and the employer's share to the EPF. Employers may deduct the employee's share from their salary.

Contribution Rate

Employee's Status	Monthly Salary Rate	Stage 1 (Below 60 years old)	Stage 2 (Age 60 and above)
i. Malaysian ii. Permanent Residents (PR) iii. Non-Malaysians (registered as member before 1 August 1998)	No limit		 Applicable for (i) only Employees share: 0% Employer's share: 4% (Ref Contribution Rate – Section E)
	RM5,000 and below	Employees share: 11% Employer's share: 13% (Ref Contribution Rate – Section A)	 Applicable for (ii) and (iii) only Employees share: 5.5% Employer's share: 6.5% (<i>Ref Contribution Rate – Section</i> C)

Last updated : 01 Jul 2022

Employee's Status	Monthly Salary Rate	Stage 1 (Below 60 years old)	Stage 2 (Age 60 and above)
	More than RM5,000	Employees share: 11% Employer's share: 12% (Ref Contribution Rate – Section A)	 Applicable for (ii) and (iii) only Employees share: 5.5% Employer's share: 6% (<i>Ref Contribution Rate – Section</i> C)
Non-Malaysians (registered as member from 1 August 1998)	No limit	Employees share: 11% Employer's share: RM5.00 (Ref Contribution Rate – Section B)	Employees share: 5.5% Employer's share: RM5.00 (Ref Contribution Rate – Section D)

Note:

1. Employers are not allowed to calculate the employer's and employee's share based on exact percentage EXCEPT for salaries that exceed RM20,000.00. The total contribution which includes cents shall be rounded to the next ringgit.

2. Effective July 2022 salary/wage (August 2022 contribution month).

Calculation Sample

Item	Salary	Employer's Share (12%)	Employee's Share (11%)	Total (23%)	Calculation type
Calculation based on Contribution Rate (Third Schedule)	RM6,250.00	RM756.00	RM693.00	RM1,449.00	Accurate calculation
Calculation based on exact percentage	RM6,250.00	RM750.00	RM688.00	RM1,438.00	Inaccurate calculation

EPF Contributions must be paid in only ringgit denominations and without any cent value.

Monthly Contribution Rate (Third Schedule)

The latest contribution rate for employees and employers effective July 2022 'salary/wage' can be referred in theThird Schedule, EPF Act 1991. Employers are required to remit EPF contributions based on this schedule. For late contribution payments, employers are required to remit contributions in accordance with the third schedule as attached below by referring to the applicable effective date. Please click on the hyperlinks below for employee and employer contribution rates:

- Effective 1 July 2022 (July 2022 salary/wage)
- Effective from 1 January 2022 to June 2022 (January 2022 salary/wage up to June 2022)
- Effective from 1 January 2021 to December 2021 (January 2021 salary/wage up to December 2021)
- Effective from 1 April 2020 to December 2020 (April 2020 salary/wage up to December 2020)
- Effective from 1 January 2019 to March 2020 (January 2019 salary/wage up to March 2020)
- Effective from 1 January 2018 (January 2018 salary/wage up to December 2018)
- Effective from 1 Mac 2016 to December 2017 (Mac 2016 salary/wage up to December 2017)
- Effective from 1 August 2013 to February 2016 (August 2013 salary/wage up to February 2016)
- Effective from 1 January 2012 to July 2013 (January 2012 salary/wage up to July 2013)
- Effective prior 1 January 2012 (December 2011 salary/wage and previous month)

In the event that the employer fails to pay the contributions within the prescribed period, this contribution will be considered as an outstanding contribution. Under certain circumstances, the EPF will make an assessment of the contribution.

The EPF Officer will provide Form KWSP 7 (Form E) and Form KWSP 8 (Form F). Payment must then be made using Form KWSP 8 (Form F).

For unpaid outstanding contributions, payments can be made using Form A (Online).

The late payment charge imposed is RM13.21 and this must be rounded up to RM14.

Late Payment Charge	Dividend
The lower dividend rate between Simpanan Konvensional and Simpanan Shariah	Dividend rate is calculated based ont the lowest dividend declared between
for each respective year with an additional one (1) percent.	the Simpanan Konventional and Simpanan Shariah.
The minimum late payment charge imposed is RM10. The late payment charge	
will be rounded up to the nearest Ringgit denomination.	For the year 2016 and prior, Simpanan Konventional's dividend rate is used
	for the calculation of late payment charge and dividends.

Option To Contribute

Example:

Who Can Contribute

While there are employees who are exempted from contributing, they are still allowed to elect to make a contribution. When an employee listed below has opted to make a contribution, both such employee and employer shall be liable to contribute and the option may not be revoked.

Requirements



Domestic helpers by a private individual

Form KWSP 16 submitted to the EPF with a copy to the employer

Working in a residential home and employed



Foreign citizens

Who are employed and whose country of domicile is outside Malaysia and who enter and stay in Malaysia temporarily under provisions of any written laws relating to immigration.

Form KWSP 16B submitted to the EPF with a copy to the employer

What You Need

1. Form KWSP 16

2. Form KWSP 16B

Contribute More Than The Statutory Rate (Voluntary Excess)

Who Can Contribute

The employer or the employee, or both, may choose to contribute more than the stipulated rates under the Third Schedule to the EPF Act 1991. The last rate that you opt for will be your new contribution rate and will remain as so until you and/or your employer submits a cancellation notice.

Example of employer opting to pay a contribution of 5% above the rate set for the employer's share:

			EMPLOYER			
	SALARY	EMPLOYEE*	Contribution Rate*	Voluntary Excess	Employer Contribution	PAYABLE CONTRIBUTION
		A	(i)	(ii)	(i)+(ii)=B	A+B
Employees aged below 60 years old and earns a salary of less than RM5,000	RM1,000	11% = RM110	13%	5%	RM130.00 + RM50.00 (5%) = RM180.00	RM290
Employees aged below 60 years old and earns a salary of more than RM5,000	RM6,250	11% = RM693	12%	5%	RM756.00 + RM313.00 (5%) = RM1,069.00	RM1,762.00
Employees aged 60 and over with a salary of less than RM5,000	RM1,000	0% = RM0	4%	5%	9%X RM1,000 = RM90	RM90
Employees aged 60 and over with a salary of more than RM5,000	RM6,250	0% = RM0	4%	5%	9%X RM6,250 = RM562.50	RM562.50 = RM563 (rounded to the next ringgit)

*Amount was based on Contribution Rate (Third Schedule), EPF Act 1991

Example of member opting to contribute 5% more than the employee's share

			EMPLOYEE			DAVADIE	
	SALARY	CONTRIBUTION RATE*	VOLUNTARY EXCESS	EMPLOYEE CONTRIBUTION	EMPLOYEE*	PAYABLE CONTRIBUTION	
		(i)	(ii)	(i)+(ii)=A	В	A+B	
Employees aged below 60 years old and earns a salary of	RM1,000	11%	5%	RM110.00 + RM50.00 (5%) = RM160.00	13%=RM130	RM290	

less than RM5,000

			EMPLOYEE			PAYABLE CONTRIBUTION
	SALARY	CONTRIBUTION RATE*	VOLUNTARY EXCESS	EMPLOYEE CONTRIBUTION	EMPLOYEE*	
		(i)	(ii)	(i)+(ii)=A	В	A+B
Employees aged below 60 years old and earns a salary of more than RM5,000	RM6,250	11%	5%	RM693.00 + RM313.00 (5%) = RM1,006.00	12%=RM756	RM1,762
Employees aged 60 and over with a salary of less than RM5,000	RM1,000	0%	5%	5%xRM1,000 = RM50	4%=RM40	RM90
Employees aged 60 and over with a salary of more than RM5,000	RM6,250	0%	5%	5%xRM6,250 = RM312.5	4%=RM252	RM564.50=RM565 (rounded to the next ringgit)

*Contribution Rate (Third Schedule), EPF Act 1991

Requirements



Complete and submit KWSP 17A (AHL)/ KWSP 18A (AHL) form to their respective employers



No form is required for VE (Employer's Share) application Note: Employers need to submit VE (Employee's Share) and VE (Employer's Share) application through i-Akaun (Employer)

The contribution must be paid rounded to the next ringgit.

Notice Of Revocation For Voluntary Excess

To cancel the option to contribute in excess of the statutory rate, members must complete Form KWSP 17A (AHL)/18A (AHL) and submit to the employer. Employers need to submit VE (Employee's Share) and VE (Employer's Share) revocation application through i-Akaun (Employer).

What You Need

- Opt for Self Contribution (Domestic Helper) Form KWSP 16
- Opt for Self Contribution (Non-Domicile Domestic Helper) Form KWSP 16B
- Borang Permohonan Pendaftaran / Pembatalan Mencarum Melebihi Kadar Berkanun (Syer Pekerja) Borang KWSP 17A(AHL) / 18A(AHL)

EPF Contribution Payment

The employer must pay their employee's contributions on or before the 15th of the following wage month.

The employer must initially pay to the EPF both his and the employee's shares. However, the employer may recover the employee's share of the contribution by deducting it from the employee's wage when the wage is paid to the employee.

To ensure the accuracy and efficiency of crediting to member's account, employer should ensure:

- The name and the NRIC in Form A should be as stated in the identification card
- The sum payment matches the contribution sum stated in Form A

Note:

Employer is responsible of submitting contribution form (Form A) together with payment for crediting purpose to member's account.

Payment Method By Employer

e-Caruman

Employers are encouraged to use e-Caruman for faster and easier monthly contribution submission and payments.

Payment Channel	Payment Mode
i-Akaun (Employer)	Maybank2u
Employers can submit contribution data and/or make contribution payments online	Financial Process Exchange (FPX)
	Direct Debit Authorisation (DDA)

Mobile App

Employers are encouraged to use e-Caruman for faster and easier monthly contribution submission and payments.

Payment Channel

e-Caruman app

Employers can submit contribution data and make contribution payments online

Payment Mode

Financial Process Exchange (FPX)

Internet Banking

Employers may also submit Form A accompnied with the monthly contribution payments via Internet Banking.

Payment Channel

Internet Banking

Employers can submit contribution data and make contribution payments

Note: Employers need to activate their internet banking account for this purpose.

Bank Agents

Monthly contribution payments (Form A), late payment charges and dividends can be made through any appointed bank agents.

Payments can also be made through any bank branches when employers bring along their particular contribution forms.

Payment Channel

Bank Agents

Type of payments:

- Contribution (Form A)
- Late Payment Charge/Dividends
- Self Contribution
- i-Saraan/i-Suri

Payment Mode

Cash/Cheque/MyDebit Corporate Card

List of Banks

- Bank Simpanan Nasional
- Maybank
- Public Bank

EPF Counter

Employers may also submit their form accompanied with the monthly contribution payments at any EPF Counter nationwide.

EPF Counter

- Alor Setar
- Ipoh
- Johor Bahru
- Kangar
- Kelantan
- Kota Bharu
- Kota Kinabalu
- Kuala Lumpur
- Kuala Terengganu
- Kuching
- Melaka
- Muar
- Seberang Jaya
- Seremban
- Shah Alam

Note:

1. All type of payments can be made via EPF counters.

- 2. Cash payments for monthly contribution (Form A) has ceased since 1 January 2018.
- 3. Starting 1 January 2018, cheque payments and money order/postal order will not be accepted.
- 4. For other contribution payments (late payment charge/dividend), a maximum limit of RM500 per transaction can only be made until 3pm.

? FAQ

Employer - All About Your Responsibility

Payment Mode

Cash/Cheque

What is the definition of 'Employer'?

An employer is defined as a person(s) with whom an employee has a contract of service or apprenticeship. Employers include:

- a. Managers, agents or persons responsible for the payment of salary or wages to an 'employee'
- b. Any group of people whether statutory or non-statutory or incorporated

c. Any government, government departments, statutory bodies, local authorities or other bodies specified in the Second Schedule, EPF Act 1991.

What is the definition of 'Employee'?

An employee is defined as a person who is employed under a contract of service or apprenticeship. The contract of service or apprenticeship can be written or verbal, expressed or implied.

Does the EPF set a minimum age to contribute?

There is no minimum age limit, every employee is liable to contribute. However, Act 350 - the Child And Young Persons (Employment) Act 1996 (Revised 1998) has set 14 years old as the minimum age for employment.

What does 'Late Payment Charge and Dividend' on late payment of contributions mean?

Late Payment Charge is a fine imposed on employers in accordance with **Section 49 (1) EPF Act 1991** for failing to pay the monthly EPF contributions within the specified period stipulated by the EPF.

Apart from the Late Payment Charge, employers are also required to pay dividends accrued on late contributions received for each month of the current dividend rate set by the EPF Board for the year.

What is 'Contribution'?

Contributions are a mandatory salary deduction comprising the employee's and employer's share that has to be contributed within a specified period. The contribution for any given month is a deduction from the previous month's salary. The employer shall pay contributions based on the rates specified in the **Third Schedule**, **EPF Act 1991** (subject to change).

Example: January 2014 salary deduction for employee's and employer's shares shall be paid as February contribution by 15 February 2014.

What is the 'Contribution Month'?

Contribution month is the month in which the contribution is payable based on the previous month's salary. For example, contributions paid in February 2014 are for January 2014's salary. Contributions must be paid on or before 15th February 2014.

What is a 'Domestic servant'?

According to Section 3 of the Workmen's Compensation Act 1952, 'Domestic servants' are individuals who work as, among others:

Maid, Cook, Gardener, Cleaner, Babysitter, Drivers and others.

What is the difference between a 'Contract of Service' and 'Contract for Service'?

Contract of Service is an agreement, mutually agreed between an employer and an employee to complete a certain service. The agreement may be written, verbal, expressed or implied.

Meanwhile, Contract For Service is an agreement to provide service to a person or group of people. The person providing the service is free from any control and monitoring by the person or group of people receiving the service.

What is the definition of 'Wages'?

Wages are all remuneration in the form of money paid by an employer to an employee under a contract of service or apprenticeship based on agreed terms of payment, whether monthly, weekly or daily.

What are the components of wage?

Payments which are subject to EPF contribution include:

- Salary
- Bonus
- Allowance
- Commission
- Incentives
- Arrears of salaries
- · Payment in respect of unutilised annual or medical leave
- Paid maternity leave
- Paid study leave

What are 'Non-Wages'?

Payments which are not liable for EPF contribution are:

- Service charge
- Overtime payment
- Gratituity
- · Retirement benefits
- Retrenchment
- Temporary lay-off & termination benefits
- Payment in lieu of notice of termination of employment
- Travelling allowance or the value of any travelling concession.

The above list is not exhaustive.

Who are EPF Inspectors?

EPF Inspectors are officers appointed under Section 34 of the EPF Act 1991 empowered to carry out inspections on employers.

Can the monthly contributions be paid bimonthly or combined as one month?

No. According to Section 43(1), EPF Act 1991, employers must pay on a monthly basis.

What should an employer do if he/she wishes to contribute more than the stipulated rate for employer's share?

An employer can make a Voluntary Excess (VE) Contribution by completing Form KWSP 17 (MAJ) - Notice to Contribute More Than Statutory Rate (Employer). The contribution paid must be rounded up to the nearest ringgit and must not be backdated.

If an employee chooses to contribute more than the stipulated rate, can the employer deduct from the employee's own salary for that purpose?

Yes you can, but only if the employee has opted for Voluntary Excess (VE) Contribution and after completing Form KWSP 17A (AHL) - Notice to Contribute More Than Statutory Rate (Employee).

What is the calculation for employer's and employee's shares for wages exceeding RM20,000?

For wages exceeding RM20,000.00 for a particular month, the employee's contribution rate shall be 9% of the total wages for the month, while the rate of contribution by the employer is 12% of the total wages for the month (Effective from January 2021 salary/wage up to December 2021 (February 2021 contribution month up to January 2022)). Total contributions, including cents, shall be rounded up to the next ringgit.

For more information, refer to the Third Schedule, EPF Act 1991.

Are salaries paid by hour subject to EPF contribution?

Yes, if an employee works any day in a month and receives wages in excess of RM10.00 (whether of daily, hourly or piece-rated salary), he/she is liable to make an EPF contribution.

Are arrears from Annual Salary Increment subject to EPF contribution?

Yes, and they are to be paid as contribution on the actual month.

Rational:

Annual Salary Increment is the fee payable for the actual month of the salary increment. Therefore, the contribution of Annual Salary Increment will be paid as contribution for the actual month.

Are salary adjustments subject to EPF contribution?

Yes, and it will be paid as current contribution.

Rational:

The salary adjustment is not a scheduled payment and not subject to any particular month. Therefore, the contribution of the salary adjustment shall be paid as contribution for the current month.

Is overtime payment subject to EPF contribution?

Overtime payments are not subject to EPF contribution.

Are wages paid for work during holidays (public holidays, annual leave) subject to EPF contribution?

Yes, unless the work attendance is considered as overtime.

Is a driver's trip allowance subject to EPF contribution?

Trip allowance is included in wage elements. Therefore, it is subject to contribution.

Who does 'Employee Liable to Contribute' refer to?

a. Permanent employees

- b. Contract employees
- c. Part time employees
- d. Temporary employees
- e. Probationary employees
- f. Directors receiving salary/wages

g. Employees who have made full withdrawal under the Incapacitation Withdrawal and have since recovered and are re-employed in any service

h. Employees who have made a 55 Years Withdrawal and are below 75 years old and still working in any occupation

i. Employees who have made a Pensionable Employees and Optional Retirement Withdrawal and are working with employers other than the Federal or State Governments, or any statutory bodies or local authorities

 J. Employees who have made Pensionable Employees Withdrawal and were re-employed after the retirement age

When is an employee eligible for EPF contribution?

An employee is eligible to contribute upon receiving a salary of more than RM10.00 in a month or part thereof.

For example, an employee who worked for one day in March 2013 and received a fee of RM10.01.

Is a part-time worker or employee who works with more than one employer subject to EPF contribution?

Yes, they are subject to EPF contribution.

Do non-Malaysian employees have to contribute?

No, non-Malaysian employees are not required to contribute, but they are given the option to contribute. If an employee has opted to contribute, he/she and the employer are liable to contribute and not allowed to revoke the option made.

Do foreign companies hiring Malaysian citizens need to contribute?

Yes, if the foreign company has registered and is operating in Malaysia.

What is the minimum number of employees before contribution is required?

1 person.

Is there a liability to contribute for deceased employees?

Employers are not liable to make any contribution for the month an employee passes away (Section 43 (7), EPF Act 1991).

Are directors required to register as a member and contribute to the EPF?

All salaried directors are required to register as a member and contribute to the EPF.

In what situation will employers be charged with the Late Payment Charge and dividend?

Late Payment Charge and dividend will be imposed for late contribution payments. Late Payment Charge is imposed when payment for a particular month is made later than the 15th of the month. The dividend is imposed when the payment for the contribution month is made from the 1st of the following month. Late payment of contributions include:

a. Overdue contributions

b. Underpaid contributions

Example:

Scenario 1: If an employer pays arrears for February 2014 on 20 February 2014, they will be charged a Late Payment Charge only.

Scenario 2:

If an employer pays arrears for February 2014 on 2 March 2014, they will be charged both the Late Payment Charge and dividend.

If a public holiday falls on a 15th and payment is made on the following day, will employers still be imposed with the Late Payment Charge?

Can an employer deduct the employer's share of contribution from an employee's salary?

No. According to Section 47(1) of the EPF Act 1991, any employer who makes deductions or attempts to make deductions from an employee's wages or remuneration, either whole or in any part of the employer's contribution, faces imprisonment for no more than six years or a fine of not more than RM20,000, or both.

Can an employer deduct the employee's share of contribution from an employee's wage?

Yes, employers may deduct employees' share for wages paid for that particular month only. According to **Section 48 (3) of EPF Act 1991**, any employer who deducts the contributions from an employee's wage but fails to pay the deducted sum or any part of it to the EPF, faces imprisonment for no more than six years or a fine of not more than RM20,000, or both.

What are the Employer's responsibilities?

a.Register as an EPF employer within 7 days from the date of hiring workers

- b. Registering employees as EPF Members
- c. Keeping books/sign wages/salaries
- d. Provide salary statements/payslips
- e. Payment of EPF contribution
- f. Inform EPF on the following items:
- i) Contrasting information between EPF statement with employer records
- ii) Change of address and name/status of employers
- iii) Termination of liability to contribute
- iv) Temporarily not liable to contribute (No employees temporarily)

Panduan Ringkas Tanggungjawab Majikan

What are the Director's responsibilities?

Directors share the same responsibilities as Employers.

What is the scope of authority for EPF Inspectors?

The inspectors' scope of authority is as stated in Section 35 of the EPF Act 1991. Among them are:

a. To enter any premise or location believed to have hired individuals as employees.

b. To carry out inspections and probes as and when necessary to ensure that the provision of the Act or rules and regulations thereunder are being observed and complied with.

c. To cross-examine, either by oneself or in the presence of any other person(s), on matters pertaining to this Act to which he may reasonably require information or towards any individuals he has reason to believe can provide information on the case.

Can EPF Inspectors accept cash?

EPF Inspectors are prohibited from accepting cash payments from employers or the employers' representatives.

Have questions about Contribution?



SUBMIT YOUR ENQUIRY

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