

# Amendment of Maximum Level of Relevant Income for MPF Contributions to

# \$25,000

## with effect from 1 June 2012

The Mandatory Provident Fund Schemes Ordinance prescribes the minimum and maximum levels of relevant income for Mandatory Provident Fund ("MPF") contributions. Employees and self-employed persons whose relevant income<sup>1</sup> is below the minimum level are not required to make mandatory contributions. Employees and self-employed persons with relevant income at or above the minimum level are required to make mandatory contributions equivalent to 5% of their relevant income. Employers need to contribute 5% of the employees' relevant income as the employers' portion of contribution, regardless of the amount of relevant income.

There is a ceiling on the amount of mandatory contributions. Employees, their employers and self-employed persons are not required to make contributions in respect of the relevant income beyond the maximum level.

The Legislative Council has passed the amendment of the maximum level of relevant income for MPF mandatory contributions, effective **1 June 2012**. Key points about the amendment are as below :

- For monthly-paid regular employees, the maximum level of relevant income has been amended from \$20,000 to **\$25,000** monthly. The maximum contributions will be adjusted from \$1,000 to **\$1,250** monthly accordingly.
- For self-employed persons, the maximum level of relevant income has been amended from \$20,000 to **\$25,000** monthly and from \$240,000 to **\$300,000** yearly. The maximum contributions will be adjusted from \$1,000 to **\$1,250** monthly or from \$12,000 to **\$15,000** yearly accordingly.

<sup>1</sup>"Relevant income" refers to any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance (including housing allowance and other housing benefit), expressed in monetary terms, paid by an employer to an employee. It does not include any severance or long service payments under the Employment Ordinance.

When the amendment of the maximum level of relevant income takes effect, the MPF contribution arrangements of certain regular employees, employers and self-employed persons are subject to some changes, and it is advisable that they take appropriate action as shown in the table below:

|                              | Changes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Action needed                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Employees</b>             | <p>If an employee's relevant income is more than \$20,000 monthly, the mandatory contributions to be made by the employer and the employee will have to be adjusted. Details are as below :</p> <ul style="list-style-type: none"> <li>• If an employee's relevant income is more than \$20,000 but not more than \$25,000 monthly, the mandatory contributions to be made by the employer and the employee should be calculated according to 5% of the employee's relevant income.</li> <li>• If an employee's relevant income is \$25,000 monthly or above, the mandatory contributions to be made by the employer and the employee are capped at \$1,250 monthly.</li> </ul> <p>Remark: If an employee's relevant income is \$20,000 monthly, he will not be affected by the amendment.</p> | <p>Employees should check whether their employer has made accurate contributions for them for the contribution periods commencing on or after 1 June 2012.</p> <p>For enquiries, they may contact their employer or the trustee(s) concerned.</p>                                                                                                                                                                |
| <b>Employers</b>             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>Employers should update their relevant administrative arrangements, including the programme / system for calculating MPF contributions in order to ensure that contributions are made according to the new level for the contribution periods commencing on or after 1 June 2012.</p> <p>For enquires on how to calculate the amount of contributions payable, they may contact the trustee(s) concerned.</p> |
| <b>Self-employed persons</b> | <p>If the relevant income reported to the trustee(s) concerned is more than \$20,000 but not more than \$25,000 monthly or more than \$240,000 but not more than \$300,000 yearly, the mandatory contributions should be calculated according to 5% of the relevant income.</p> <p>If the reported relevant income is more than \$25,000 monthly or more than \$300,000 yearly, the mandatory contributions are capped at \$1,250 monthly or \$15,000 yearly.</p>                                                                                                                                                                                                                                                                                                                              | <p>Self-employed persons will be contacted by their trustee(s) regarding the updating of their contribution arrangements.</p> <p>They may contact the trustee(s) concerned direct for enquiries or to update the details of their reported relevant income.</p>                                                                                                                                                  |

For contribution periods commencing on or after 1 June 2012, mandatory contributions to be made by employees, employers and self-employed persons should be calculated according to the following tables:

### 1 Monthly paid regular employees and their employers

| Monthly relevant income | Mandatory contribution amount |                          |
|-------------------------|-------------------------------|--------------------------|
|                         | Employer's contributions      | Employee's contributions |
| Less than \$6,500       | Relevant income x 5%          | Not required             |
| \$6,500 to \$25,000     | Relevant income x 5%          | Relevant income x 5%     |
| More than \$25,000      | \$1,250                       | \$1,250                  |

### 2 Self-employed persons making contributions monthly or yearly

| Relevant income     |                       | Mandatory contribution amount              |
|---------------------|-----------------------|--------------------------------------------|
| Monthly             | Yearly                |                                            |
| Less than \$6,500   | Less than \$78,000    | Not required                               |
| \$6,500 to \$25,000 | \$78,000 to \$300,000 | Relevant income x 5%                       |
| More than \$25,000  | More than \$300,000   | \$1,250 (per month) or \$15,000 (per year) |

### 3 Casual employees<sup>2</sup> in the catering and construction industries enrolled in Industry Schemes

For casual employees who are members of Industry Schemes, the maximum level of relevant income has been amended from \$650 to **\$830** daily, effective **1 June 2012**.

#### i Daily paid casual employees and their employers

| Daily relevant income             | Mandatory contribution amount |                          |
|-----------------------------------|-------------------------------|--------------------------|
|                                   | Employer's contributions      | Employee's contributions |
| Less than \$250                   | \$7.5                         | Not required             |
| \$250 or more but less than \$260 | \$13                          | \$13                     |
| \$260 or more but less than \$390 | \$15                          | \$15                     |
| \$390 or more but less than \$520 | \$22.5                        | \$22.5                   |
| \$520 to \$650                    | \$30                          | \$30                     |
| More than \$650 to \$830          | \$37.5                        | \$37.5                   |
| More than \$830                   | \$41.5                        | \$41.5                   |

<sup>2</sup>"Casual employees" refer to employees employed on a daily basis or a fixed period of not more than 60 days.

#### ii Non-daily paid (e.g. paid on a weekly or half-monthly basis) casual employees and their employers

| Average daily relevant income <sup>3</sup> | Mandatory contribution amount |                             |
|--------------------------------------------|-------------------------------|-----------------------------|
|                                            | Employer's contributions      | Employee's contributions    |
| Less than \$250                            | Relevant income x 5%          | Not required                |
| \$250 to \$830                             | Relevant income x 5%          | Relevant income x 5%        |
| More than \$830                            | \$41.5 per day <sup>4</sup>   | \$41.5 per day <sup>4</sup> |

<sup>3</sup>The calculation formula for the average daily relevant income is total amount of relevant income in the relevant contribution period ÷ number of calendar days in the contribution period. Please refer to the "MPF Industry Schemes" leaflet for related information. The leaflet is available for download on the MPFA website, and for collection at MPFA offices, Public Enquiry Service Centres of District Offices and regional offices of the Labour Department.

<sup>4</sup>This refers to the number of calendar days in the relevant contribution period.

For enquiries, please call the MPFA, your employer or trustee(s).

Hotline : 2918 0102  
 Fax : 2259 8806  
 Website : [www.mpfa.org.hk](http://www.mpfa.org.hk)



MANDATORY PROVIDENT FUND SCHEMES AUTHORITY