



KWSP
EPF

FREQUENTLY- ASKED QUESTIONS (FAQs) ON MINIMUM CONTRIBUTION



Prepared by:

Working Committee on Minimum Contribution

Enforcement Department

Employees Provident Fund





FREQUENTLY-ASKED QUESTIONS ON MINIMUM CONTRIBUTION

Contents

1. What is the definition of Minimum Contribution?	3
2. When will the Minimum Contribution take effect?	3
3. Why is Minimum Contribution introduced?.....	3
4. Who is entitled to receiving the Minimum Contribution?.....	3
5. Is the Minimum Contribution also applicable to public sector employees?.....	4
6. What are the benefits of Minimum Contribution and how, when implemented, does it help members achieve a better future?	4
7. What is the applicable Minimum Contribution?	4
8. Can employers pay a contribution below the Minimum Contribution if it is agreed to by their employees?	4
9. Does the Minimum Contribution differ based on the location of employment?.....	5
10. What are the responsibilities of employers in accordance with the implementation of Minimum Contribution?	5
11. What are the responsibilities of employees/EPF members if employers do not comply with the Minimum Contribution?	5
12. What will be the actions taken towards employers who fail to comply with the implementation of the Minimum Contribution?.....	6
13. Are all industries in Malaysia involved in the implementation of Minimum Wage and Minimum Contribution?	6
14. Are there any exception given to specific industries? If yes, what are the sectors involved?	6
15. What are the provisions of the EPF Act in relation to the implementation of the Minimum Contribution based on the Minimum Wage Order which have been gazetted?	6



FREQUENTLY-ASKED QUESTIONS ON MINIMUM CONTRIBUTION

- 16. Are employers notified with regards to the implementation of the Minimum Wage and what are the penalties to be faced by employers who fail to comply with the Minimum Wage? 6
- 17. Does the Minimum Contribution apply to employees who are salaried on a daily or hourly basis?7
- 18. What are the measures in place to prevent employers from manipulating the Minimum Contribution? 7
- 19. Are employers being notified on the implementation of Minimum Contribution? 7
- 20. Are UNHCR cardholders salaried by employers bounded by the implementation of the Minimum Contribution? 7
- 21. If the duration of employment is less than a month are employers still liable to contribute based on Minimum Contribution? 8
- 22. Where can I obtain more information or advisory on the implementation of the Minimum Contribution? 8



FREQUENTLY-ASKED QUESTIONS ON MINIMUM CONTRIBUTION

1. What is the definition of Minimum Contribution?

Answer: Minimum contribution is the contribution to be made based on Minimum Wage as stipulated by the National Wages Consultative Council Act 2011 (Act 732) in line with the provisions of Section 43(1A) of EPF Act 1991.

2. When will the Minimum Contribution take effect?

Answer: Minimum Contribution will take effect on 1 January 2019 (salary of January 2019 and contribution for February 2019).

3. Why is Minimum Contribution introduced?

Answer: The Minimum Contribution is in line with the implementation of the Minimum Wage Order stipulated by the National Wages Consultative Council (NWCC).

4. Who is entitled to receiving the Minimum Contribution?

Answer: All private sector employees with a Contract of Service with their employers are entitled to receiving the Minimum Contribution.

FREQUENTLY-ASKED QUESTIONS ON MINIMUM CONTRIBUTION

5. Is the Minimum Contribution also applicable to public sector employees?

Answer: This is only applicable to public sector employees who have opted for the EPF scheme and those who have yet to be absorbed into the pension scheme.

6. What are the benefits of Minimum Contribution and how does it help members achieve a better future when implemented?

Answer: The benefits of Minimum Contribution are as follows:

- a. Employees enjoy higher contribution rate.
- b. Employees who earn less than the Minimum Wage are able to enjoy a higher contribution rate.
- c. In accordance with the objective of Minimum Wage which among others is to help and protect the rights of employees.

7. What is the applicable Minimum Contribution?

Answer: The applicable Minimum Contribution is based on the Minimum Wage Schedule set forth by the National Wages Consultative Council Act 2011 (Act 732) and subject to Third Schedule of the EPF Act.

8. Can employers pay a contribution lower than the Minimum Contribution if it is agreed to by their employees?



FREQUENTLY-ASKED QUESTIONS ON MINIMUM CONTRIBUTION

Answer: No. All agreements which contradict the National Wages Consultative Council Act 2011 (Act 732) and the EPF Act 1991 are null and void.

9. Does the Minimum Contribution differ based on the location of employment?

Answer: No.

10. What are the responsibilities of employers in accordance with the implementation of Minimum Contribution?

Answer: Employers are required to contribute based on the Minimum Wage under the National Wages Consultative Council 2011 (Act 732) which takes effect on 1 January 2019 and subject to Third Schedule of the EPF Act 1991.

11. What are the responsibilities of employees/EPF members if employers do not comply with the Minimum Contribution?

Answer: Employees/members may lodge of a report of non-compliance of their employers to the EPF.

**FREQUENTLY-ASKED QUESTIONS ON
MINIMUM CONTRIBUTION**

12. What will be the actions taken towards employers who fail to comply with the implementation of the Minimum Contribution?

Answer: Based on Section 43(2) of EPF Act 1991, employers can be imprisoned for a duration no more than three years or fined to a maximum of RM10,000.00 or both.

13. Are all industries in Malaysia involved in the implementation of Minimum Wage and Minimum Contribution?

Answer: Yes. All private sector employers across all industries in Malaysia are involved.

14. Are there any exception given to specific industries? If yes, what are the sectors involved?

Answer: No.

15. What are the provisions of the EPF Act in relation to the implementation of the Minimum Contribution based on the Minimum Wage Order which have been gazetted?

Answer: Provisions of the EPF Act 1991 under Section 43(1A).

16. Are employers notified with regards to the implementation of the Minimum Wage and what are the penalties faced by employers who fail to comply with the Minimum Wage?

**FREQUENTLY-ASKED QUESTIONS ON
MINIMUM CONTRIBUTION**

Answer: Please refer to the Minimum Wage FAQ distributed by the National Wages Consultative Council.

17. Does the Minimum Contribution apply to employees who are salaried on a daily or hourly basis?

Answer: Yes.

18. What are the measures in place to prevent employers from manipulating the Minimum Contribution?

Answer: Enforcement measures will be in place to ensure compliance to Minimum Contribution, such as through advisory, consultations and compliance inspections to employers' premise.

19. Are employers being notified on the implementation of Minimum Contribution?

Answer: Yes. Notifications have been sent out to employers and also published via the EPF website beginning November 2018.

20. Are UNHCR cardholders salaried by employers bounded by the implementation of the Minimum Contribution?

Answer: No. This group is not categorised under the definition of an employee according to the EPF Act 1991.



FREQUENTLY-ASKED QUESTIONS ON MINIMUM CONTRIBUTION

21. If the duration of employment is less than a month are employers still liable to contribute based on Minimum Contribution?

Answer: Yes. If employees are salaried on a monthly basis, the calculation will be based on the actual days worked based in the monthly Minimum Wage.

22. Where can I obtain more information or advisory on the implementation of the Minimum Contribution?

Answer: You may get more information through all EPF communication channels including CMC, EPF website and from any nearest EPF branch.