

Our ref. : (29)PSMB/20/8

Kulit 6

Date : 15 October 2012

EMPLOYERS CIRCULAR NO. 7/2012

CRITERIA FOR WAIVER OF INTEREST ON LATE PAYMENT OF LEVY

1.0 PURPOSE

1.1 The purpose of this circular is to inform employers on the criteria for waiver of interest imposed on late payment of Human Resources Development (HRD) levy.

2.0 BACKGROUND

2.1 In accordance with Section 18(1) of Pembangunan Sumber Manusia Berhad (PSMB) Act 2001, interest will be imposed to employers who failed to pay the HRD levy during a stipulated period at the rate of ten per centum per annum in respect of each day of default or delay in payment. Nonetheless, Section 18(4) of the PSMB Act 2001 empowers the Board to waive the payment of interest wholly or partly. Section 18(4) reads as follows:

“The Board may, in any case in which it thinks fit, remit in whole or in part the payment of any interest due under this section”.

2.2 The waiver of interest is to encourage liable employers to register with the Human Resources Development Fund (HRDF) and avoid having their liability date backdated from the day they became liable under the PSMB Act 2001. Interest imposed on late payment of levy is primarily

meant as a deterrent to employers who had defaulted in their current levy.

3.0 CRITERIA FOR WAIVER OF INTEREST

3.1 Currently, waiver of interest is only given to employers who had ceased operations and suffered losses.

3.2 The Board of Directors of PSMB at its meeting on 2 October 2012 had approved additional criteria for the **waiver of interest** imposed on late payment of HRD levy as follows:

3.2.1 Newly registered employers (**employers registered on or after 1 November 2012**) who have their HRD levy backdated to the liability date under the PSMB Act 2001 and **had paid all the arrears either in one-lump sum or by instalments within 6 months** after registering with HRDF.

3.2.2 Employers who had registered with HRDF **within the period of 1 April 2012 until 31 October 2012**, who have their HRD levy backdated to the liability date under the PSMB Act 2001 and **had paid all their arrears of levy in one-lump sum** or had been given the approval **to settle their arrears of levy by instalments by 31 December 2012**. Interest that had been paid will be refunded.

3.2.3 Employers with arrears of HRD levy backdated to the liability date under the PSMB Act 2001 and **had paid all their arrears of levy within the period 1 January 2012 until 2 October 2012 either in one-lump sum or by instalments**. Interest that had been paid will also be refunded.

- 3.2.4 Employers with arrears of HRD levy backdated to the liability date under the PSMB Act 2001 and **had been given approval to settle their arrears of levy by instalments** on or before 1 November 2012. Interest that had been paid will be refunded and for payment of arrears made by 31 December 2012 will not be subjected to any interest. However, **interest will be imposed for instalment payments that are made after 31 December 2012.**
- 3.2.5 Employers who were unable to pay their HRD levy within stipulated period due to natural disaster like flood, fire and theft. Employers however, have to substantiate their appeal by presenting a police report or newspaper cutting relating to the incident. Waiver of interest will be given to employers who were affected with the disaster or incident for the current month's levy only.
- 3.2.6 Employers who were unable to pay their HRD levy within stipulated period due to non-gazetted public holiday declared by the Federal or State Government. Waiver of interest will be given to employers who pay the current month's levy in the subsequent working day.
- 3.2.7 Employers who unintentionally continued to pay their levy at a lower rate after the re-imposition of the normal rate.
- 3.2.8 Employers who were placed under receivership or liquidation under the Companies Act, 1965. Waiver of interest will only be given for arrears of levy during period under the receivership. For companies under liquidation, interest will be waived after all the arrears of levy had been settled.

4.0 **IMPLEMENTATION MECHANISM**

4.1 It is the responsibility of employers to make an appeal to HRDF to claim for the refund of interest paid under paragraph 3.2.2, 3.2.3 and 3.2.4 above. HRDF will also be contacting employers to make the refund for those who fall under the three categories.

4.2 For employers under paragraph 3.2.5, 3.2.6 and 3.2.7, any appeal for waiver of interest shall be made in writing within 3 months after the issuance of the first notice and it is not automatic.

5.0 **CONCLUSION**

5.1 Please feel free to contact our Customer Service Officer on 1-800-88-4800 or our branch offices should you require further clarification or assistance.

Thank you.

“HRDF – SHAPING PEOPLE”
“Pekerja Berinovatif Penggerak Transformasi”

Yours sincerely,

(AMIRNUDDIN BIN MAZLAN)
Chief Executive
Pembangunan Sumber Manusia Berhad