

EMPLOYER'S CIRCULAR NO. 7/2015

**CHANGE OF PRESCRIBED TIME FOR THE PAYMENT OF LEVY TO 15TH DAY
OF THE FOLLOWING MONTH**

1. PURPOSE

- 1.1 The purpose of this circular is to inform the registered employers regarding on the change of prescribed time for the payment of levy from the "last day" of the month to the "15th day" of the month.

2. BACKGROUND

- 2.1 The ease of doing business is important to ensure Malaysia stays competitive in the global market. In 2014, the World Bank Doing Business Report 2014 (DBR 2014) has ranked Malaysia to 36th place compared to 15th place in the previous year. PEMUDAH Focus Group on Paying Taxes (FgoPT) whose role is to improve the efficiency of tax payments in Malaysia, especially labour taxes, has identified the issue of inconsistencies contribution payment and levy payment deadline of four (4) government agencies, namely the Employees Provident Fund (EPF), the Social Security Organisation (SOCSO), Inland Revenue Board Malaysia (IRB) and Human Resources Development Fund (HRDF) as one of the factors that affect the position of Malaysia in ease of paying taxes.
- 2.2 Based on engagement session conducted by FgoPT through Malaysian Productivity Corporation (MPC) with Malaysian Employers Federation (MEF), Federation of Malaysia Manufacturer (FMM) and Malaysian Trade Union Congress (MTUC), a consensus had achieved where the due date for the payment of contribution or payment of levy for all agencies are fixed to 15th day of the month.
- 2.3 The Ministry of Finance had also agreed that the due date for the payment of contribution or payment of levy for EPF, SOCSO, IRB and HRDF to be fixed to the 15th day of the month.

3.0 IMPLEMENTATION

3.1 The Regulation 8(1) of Pembangunan Sumber Manusia Berhad (Registration of Employers and Payment of Levy) Regulations 2001 had been amended to :

“ All payment of the levy shall be made by the employer not later than the 15th date of the month immediately following the month in respect of which those payments fall due”

3.2 This means that, every payment of levy shall be made before or on the 15th of the following month.

3.3 The implementation will be effective for the payment of levy for July 2015 where the levy need to be paid before or on 15th August 2015.

3.4 Referring to Section 18(1) of the Pembangunan Sumber Manusia Berhad, Act, 2001, it stated that:

“An employer who fails to pay within such period as may be prescribed, any levy due from him shall be liable to pay interest on the unpaid levy at the rate of ten per centum per annum in respect of each day of default or delay in payment”

3.5 It means that, interest will be imposed if the employer pay levy on or after 16th day of the following month.

For illustration:

For the payment July 2015 levy, employer has to pay levy before or on 15 August 2015. In the event the employer pays levy on or after 16 August 2015, the interest of 10% will be imposed upon employer.

3.6 Nevertheless, as a transitional period on the changes of prescribed time for the payment of levy, the employer shall entitle for the waiver of interest of levy.

3.7 The period for waiver of interest is allocated for the period of 15 days only for each month. The waiver of interest is effective from August 2015 until December 2015.

3.8 It means that, the waiver of interest is only applicable if the employer pay the levy after 15th until the last day of following month only. For employer who pay the levy after the last day of the following month, employer shall be liable to pay for interest.

For illustration: Payment of levy for July 2015.

No.	Situation	Date of payment of levy	Status
1.	Payment before or on 15th day of the following month	15.08.2015	No imposition of interest
2.	Late payment which is after the 15th day of the month until the last day of the following month	16.08.2015 31.08.2015	Employer is entitle for waiver of interest
3.	Late payment which is after the last day of the following month.	01.09.2015	Employer is not entitle for waiver of interest

4.0 CLOSING

For any inquiries and further information please contact our Customer Service Officer at 1800 88 4800.

Thank You.

“PEOPLE, PROWESS, PROGRESS”

“PEKERJA SIHAT PRODUKTIVITI MENINGKAT”

Yours Sincerely,

t.t

**(CM VIGNAESVARAN A/L JEYANDRAN)
CHIEF EXECUTIVE
PEMBANGUNAN SUMBER MANUSIA BERHAD**