

MPF Industry Schemes for CONSTRUCTION INDUSTRY and CATERING INDUSTRY

Industry Schemes were established under the Mandatory Provident Fund (MPF) System for employers in the construction and catering industries in view of the high labour mobility in these two industries, and the fact that most employees in these industries are “casual employees” whose employment is on a day-to-day basis or for a fixed period of less than 60 days.

The Industry Schemes are currently operated by two MPF trustees, namely the Bank Consortium Trust Company Limited, and the Bank of East Asia (Trustees) Limited.

Features of Industry Schemes



No scheme switching when changing jobs

Casual employees do not have to switch schemes when they change jobs within the same industry, as long as their previous employer and their new employer are both registered with the same Industry Scheme. This arrangement offers scheme members greater convenience.

Employees can open accounts in advance

Casual employees can open MPF accounts in advance with the two trustees that operate Industry Schemes. If they change jobs and start a new job with an employer who has also registered with an Industry Scheme, they can simply give their new employer their account details for making contributions, saving the effort of the employer to enrol them in a scheme.

Administrative work minimised for employers

Employers are not required to keep records of the contribution details of their casual employees under Industry Schemes, such as the amount of an employee's relevant income¹, contribution amount and contribution date. If employers make contributions in respect of their employees on the next working day² following the pay-day, they only need to submit a simple contribution form to trustees. They are not required to provide “remittance statements” to trustees or issue “pay-records” to their employees. This helps streamline their administrative procedures.

¹ Relevant income refers to any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance, expressed in monetary terms, paid or payable by an employer to an employee, but excluding severance payments or long service payments under the Employment Ordinance.

² Excluding Saturdays, public holidays, gale warning days and black rainstorm warning days.

Points-to-note about making contributions



The Mandatory Provident Fund Schemes Ordinance prescribes the daily minimum and maximum relevant income levels for MPF mandatory contributions for casual employees under Industry Schemes. Casual employees whose daily relevant income is lower than the daily minimum relevant income level (i.e. \$280) are not required to make the employee's part of contributions, but their employers are still required to make the employer's part of contributions on time. In the case of casual employees whose daily relevant income is higher than the daily maximum relevant income level (i.e. \$1,000), both employees and employers are required to make contributions according to the maximum amount of contributions.

New contribution calculation method and unified contribution scale for casual employees

Casual employees in the construction and catering industries are usually daily-rated. For instance, if a casual employee earns \$1,000 per day, his total income for three working days is \$3,000 (\$1,000 x 3 days).

The length of casual employees' wage period may also be different. For instance, employees employed on a day-to-day basis are usually paid every day after work. Accordingly, their wage period is one day. However, there are also cases where employees are paid less frequently, such as weekly or twice a month (once in the first half and again in the second half of the month).

In view of these differing income calculation and payment arrangements for casual employees, the contribution calculation method under Industry Schemes has been simplified and the contribution scales unified with effect from 1 November 2013. This has streamlined the administrative work employers need to do when calculating contributions, and made it easier for employees to understand how much should be deducted from their income by their employers for the employee's part of contributions.

Under the new calculation method, employers and casual employees can simply refer to the new contribution scale below and make fixed sum contributions according to the employee's daily relevant income, regardless of the length of the employee's wage period. The contribution amounts are multiples of \$5, making them simple and easy to remember.

Daily relevant income	Amount of mandatory contributions	
	Employer's contributions	Employee's contributions
Less than \$280	\$10	Not required
\$280 to less than \$350	\$15	\$15
\$350 to less than \$450	\$20	\$20
\$450 to less than \$550	\$25	\$25
\$550 to less than \$650	\$30	\$30
\$650 to less than \$750	\$35	\$35
\$750 to less than \$850	\$40	\$40
\$850 to less than \$950	\$45	\$45
\$950 or more ³	\$50	\$50

The new contribution scale is established on the basis that casual employees are usually daily-rated. The income and contribution amount in the scale are for computation on a daily basis. For non-daily-rated casual employees (e.g. a weekly-rated or monthly-rated employee whose income is computed based on a fixed weekly or monthly salary), employers should first determine the employee's average daily relevant income for each working day in a wage period, and then check this against the new contribution scale to determine the contribution amount. For details about the calculation method, please refer to the “More about Industry Schemes - For Employers” section of this leaflet.

³ This income band contains the daily maximum relevant income level (i.e. \$1,000) and the maximum amount of contributions (i.e. \$50). If the daily relevant income of a casual employee is more than \$1,000, the amount of contributions payable by both the employer and the employee will remain at \$50 each per day.

Illustrative example:

Mr Chan, a casual employee in the construction industry who has joined an Industry Scheme, is now being employed by a contractor at a construction site. His daily income is \$1,200, or \$600 per half day. His wage period is one week, meaning that he is paid on a weekly basis.

In one particular week, he and his employer are required to make MPF contributions as follows:

Working day	Relevant income	Applicable income band under new contribution scale	Employer's contributions	Employee's contributions
Monday	\$1,200	\$950 or more	\$50	\$50
Tuesday	\$1,200	\$950 or more	\$50	\$50
Wednesday	(No work)	-	Not required	Not required
Thursday	\$1,200	\$950 or more	\$50	\$50
Friday	\$1,200	\$950 or more	\$50	\$50
Saturday	\$600(half-day work)	\$550 to less than \$650	\$30	\$30
Sunday	(No work)	-	Not required	Not required
Total contribution payable			\$230	\$230

Under the new contribution calculation method, Mr Chan's employer can simply check his daily income for each working day in the week against the new contribution scale, and then add up the contribution amount payable for each day to arrive at the total contribution amount payable for that wage period.

Contribution calculation method for regular employees



Some employees in the construction and catering industries are employed for a fixed period of 60 days or more (“regular employees”). Employers who choose to enrol their regular employees in an Industry Scheme should note that the contribution calculation method for regular employees is different from that for casual employees. The amount of mandatory contributions for regular employees is calculated based on 5% of their relevant income in respect of the wage period concerned (the same as the contribution calculation method under Master Trust Schemes), subject to the minimum and maximum relevant income levels, i.e. \$7,100 and \$30,000 per month respectively. Details are as follows:

Monthly relevant income	Amount of mandatory contributions	
	Employer's contributions	Employee's contributions
Less than \$7,100	Relevant income x 5%	Not required
\$7,100 to \$30,000	Relevant income x 5%	Relevant income x 5%
More than \$30,000	\$1,500	\$1,500

Illustrative example:

Mr Cheung is a regular employee in the construction industry. His daily income is \$1,000. His wage period is one month, meaning that he is paid once a month. In a particular month, his total relevant income was \$24,000.

The table above shows that \$24,000 falls in the income band “\$7,100 to \$30,000”. Therefore, Mr Cheung and his employer are each required to make MPF contributions of \$1,200 (\$24,000 x 5%).

Contribution arrangements and deadline for enrolment

Type of employee	Casual employees		Regular employees
Contribution arrangements	Employers may either:		Make contributions within the first 10 days of the month following the wage period
	Option (1) Make contributions on the next working day following the pay-day	Option (2) Make contributions within 10 days after the wage period ends	
Deadline for enrolment	The next working day following the first pay-day (i.e. the first contribution day) ⁴	The 10 th day after employment commences	The 60 th day after employment commences
Points-to-note	When making contributions, employers only need to submit a simple contribution form to trustees. They are not required to provide “remittance statements” to trustees or issue “pay-records” to employees.	When making contributions, employers are required to send contributions together with the “remittance statements” to trustees, and issue “pay-records” to employees.	

⁴ Employers of non-daily-paid casual employees whose wage period is more than 10 days (e.g. the employees are paid twice a month) are required to enrol their employees in an MPF scheme within 10 days of their commencing employment, even if they choose to make contributions on the next working day following the pay-day.

Coverage of the Construction Industry

For the purpose of Industry Schemes, the construction industry includes the following eight major work categories:

- Foundation and associated works
- Civil engineering and associated works
- Demolition and structural alteration works
- Refurbishment and maintenance works
- General building construction works
- Fire services, mechanical, electrical and associated works
- Gas, plumbing, drainage and associated works
- Interior fitting out works

Coverage of the Catering Industry

For the purpose of Industry Schemes, the catering industry includes holders of food business licenses or permits under the Food Business Regulation (Cap 132X, Laws of Hong Kong), canteens at schools and workplaces, and catering establishments inside clubs. Here are some examples:

- Food factories, milk factories, frozen confection factories and bakeries
- Restaurants
- Factory canteens
- Siu mei or lo mei shops
- Cold stores
- Fresh provision shops
- Cooked food stalls operating in public markets
- Cooked food stalls which are granted hawker licenses
- Chinese herb tea shops

Trustees of MPF Industry Schemes

Bank Consortium Trust Co. Ltd.

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Bank of East Asia (Trustees) Limited

Tel: 2211 1777

More about Industry Schemes



For Employers

What are the advantages of participating in Industry Schemes?

If you employ a casual employee who already has an MPF account in the Industry Scheme that you participate in, you don't have to enrol him/her in that scheme again. You only have to ask for the employee's relevant personal details and account number under the Industry Scheme, after which you can make contributions for him/her right away. You do not need to keep a record of the contribution details for the employee, such as the amount of his/her relevant income, contribution amount and contribution date. Besides, if you choose to make contributions for the casual employees on the next working day following the pay-day, you only need to submit a simple contribution form to trustees. You don't have to submit "remittance statements" to trustees when making contributions, or issue "pay-records" to employees after making contributions.

How is the contribution amount calculated for employees employed on a non-daily-rated basis, such as on a fixed weekly or monthly rate?

The new contribution calculation method and the unified contribution scale, effective from 1 November 2013, have been established on the basis that casual employees in the construction and catering industries are usually daily-rated. For a casual employee who is not daily-rated but is employed, for example, on a fixed weekly or monthly rate, it is necessary to use the new calculation method to calculate his/her average daily relevant income, then check it against the corresponding income band under the new contribution scale to determine the applicable daily contribution amount, and finally calculate the total MPF contributions payable for the week or month. The methods for calculating average daily relevant income, daily contribution amount and total MPF contribution amount are as below:

$$\text{Average daily relevant income} = \frac{\text{Relevant income earned in a wage period}}{\text{No. of working days in the wage period}}$$

$$\text{Daily contribution amount} = \text{Check average daily relevant income against new contribution scale for contribution amount}$$

$$\text{Total MPF contribution amount} = \frac{\text{Daily contribution amount} \times \text{No. of working days in the wage period}}$$

Example:

Ms Li normally works five days a week, and has a weekly income of \$5,000. In a particular month, Ms Li worked five days in the first week, and two days in the second week. She thus earned only \$2,000 in the second week. The MPF contributions payable by Ms Li and her employer in respect of the two weeks are calculated as follows:

	First week	Second week
Weekly income	\$5,000	\$2,000
Number of working days	5	2
Average daily relevant income	\$1,000 (\$5,000 ÷ 5 working days)	\$1,000 (\$2,000 ÷ 2 working days)
Daily contribution amount	\$50 (income falls in income band "\$950 or more" under the new contribution scale)	\$50 (income falls in income band "\$950 or more" under the new contribution scale)
Employee's contributions	\$250 (\$50 x 5 working days)	\$100 (\$50 x 2 working days)
Employer's contributions	\$250 (\$50 x 5 working days)	\$100 (\$50 x 2 working days)
Total contribution amount payable by employer and employee	\$500	\$200

Are employers in the construction and catering industries required to enrol in Industry Schemes?

The legislation does not stipulate that employers in these two industries must join Industry Schemes. Employers may opt to join the MPF Master Trust Schemes, but they should note that these schemes do not provide the same convenience when it comes to streamlining administrative procedures as Industry Schemes do.

I am the owner of a restaurant and employ both casual and regular employees. Am I required to join both Industry Schemes and Master Trust Schemes?

Employers can make contributions for both casual and regular employees under Industry Schemes, and therefore are not required to join both schemes. Employers should also note that under Industry Schemes, the contribution calculation method and the method of making contributions are different for casual employees and regular employees. Appropriate contribution arrangements should be made for the two types of employees.

Is it true that employers who participate in Master Trust Schemes are not required to make contributions for casual employees whose employment period is less than 60 days?

No. Casual employees are persons employed in the catering or construction industries on a day-to-day basis, or for a fixed period of less than 60 days. Their status as casual employees remains the same regardless of the type of scheme their employers participate in. Even if casual employees are employed for only one day, employers must enrol them in a scheme and make contributions for them. Therefore, regardless of whether the employers choose to participate in Master Trust Schemes or Industry Schemes, they are still required to make contributions for casual employees under the scheme they participate in. For more details about the contribution calculation method for casual employees under Industry Schemes, please visit the MPFA website (Home > Employer > Industry Schemes).

I am a casual employee and have joined an Industry Scheme. I change jobs very often. How can I find out whether my employers have made contributions for me?

If your employers have opted to make contributions for you under Industry Schemes, the trustees will send you monthly benefit statements setting out the contribution information relating to all your employers for that month. You can also make enquiries directly with the trustees, or call the MPF Contribution Enquiry Line at 183 3030, which will divert you to the relevant trustees, where you can find out whether your employers have made contributions for you over the past three months.

For Employees



I was a casual employee and worked on a construction site for two weeks. My employer participated in a Master Trust Scheme, and claimed that he was not required to make contributions for me because I was employed for less than 60 days. Is that true?

No. The legislation stipulates that, except for exempt persons, employers must enrol in an MPF scheme all full-time and part-time employees who are aged 18 to 64 and employed under an employment contract (written or verbal) for a period of not less than 60 days, and make contributions for them. However, this 60-day employment rule is not applicable to casual employees in the construction and catering industries who are employed on a daily basis or a fixed period of not more than 60 days. Whether they participate in Industry Schemes or Master Trust Schemes, employers in these two industries must enrol their casual employees in an MPF scheme and make contributions for them.

I was employed as a casual employee in a Chinese restaurant for one day. The employer participated in an Industry Scheme, but I did not have an MPF account in that Scheme. The employer said that he could not make contributions for me unless I set up an account under that Scheme by myself. Is that true?

No. The legislation stipulates that employers are obliged to enrol employees in MPF schemes and make contributions for them. If an employee does not have an MPF account under the Industry Scheme that the employer participates in, the employer is obliged to enrol the employee in that Scheme and make contributions for him/her. The employee may, however, choose to open an MPF account under that Scheme by himself/herself for giving convenience to the employer in making contributions.

Is it true that my employer can make contributions into my MPF account under an Industry Scheme simply with my Hong Kong Identity Card number?

To ensure that employers who participate in Industry Schemes make contributions into the correct MPF accounts of their employees, employees are recommended to provide employers with complete and detailed account information (including their account number under the Industry Scheme) to facilitate verification by trustees when processing the contributions.

MPF Industry Schemes



CONSTRUCTION INDUSTRY

CATERING INDUSTRY



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MANDATORY PROVIDENT FUND SCHEMES AUTHORITY