

13 March 2020

REDUCTION OF STATUTORY CONTRIBUTION RATE FOR EMPLOYEES

During the announcement of the 2020 Economic Stimulus Package on 27th February 2020, the Government, in an attempt to boost local consumption growth, announced a reduction of 4% in the minimum employee contribution to the Employees Provident Fund (“**EPF**”) with effect from 1st April 2020. Pursuant to this, EPF announced the reduction in employee share of statutory contribution from 11% to 7% on 5th March 2020. The following are crucial points to note as a result of this change:

- i. The reduction in statutory contribution will only be in effect from the months of April 2020 to December 2020. The rate of contribution will revert to 11% commencing January 2021, as per the Third Schedule of the EPF Act 1991;
- ii. The reduction in the statutory contribution only applies to employees below the age of 60 years old. The contribution rates for employees aged 60 years and above remain unchanged;
- iii. Employees have the option to maintain their contribution rate at 11%. In order to do so, employees must fill up the KWSP 17A (Khas 2020) Form and submit the same to EPF via their respective employers.

Useful links:

- i. [The EPF announcement dated 5th March 2020](#)
- ii. [A copy of the KWSP 17A \(Khas 2020\) Form](#)

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