

# Amendment Relating to Removal of the 30-day Settlement Period

In order to streamline the MPF contributions processing so as to enhance the efficiency and effectiveness of the existing mechanism for recovering default contributions, the Legislative Council passed at its third reading on 9 January 2008 the legislative amendment on the removal of the 30-day settlement period covered in the Mandatory Provident Fund Schemes (Amendment) Bill 2007.

## Notes to Employers and Self-employed Persons (SEPs)

The Mandatory Provident Fund Schemes Authority (MPFA) reminds employers and SEPs to take note of the changes brought about by the legislative amendment of removing the 30-day settlement period immediately following the contribution day.

**Employers must make mandatory contributions by the contribution day. As an employer, you commit an offence if you fail to pay your MPF contributions on time. Apart from being imposed a surcharge, you may be subject to a financial penalty of HK\$5,000 or 10% of the amount of default contributions (whichever is greater). Defaulting employers may also be prosecuted. An offender is liable to a maximum penalty of imprisonment for 6 months and a fine of HK\$100,000 on first conviction.\***

\* The Government introduced another amendment bill - the Mandatory Provident Fund Schemes (Amendment) (No. 2) Bill 2007 - to the Legislative Council on the same day (9 January 2008). This Amendment Bill proposes to substantially increase the penalty that can be imposed on non-compliant employers to achieve better deterrence and to further enhance supervision of MPF schemes for greater protection of scheme members' interests.



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**SEPs should also note the amendment relating to the “Removal of the 30-day Settlement Period”. SEPs must make mandatory contributions by the contribution day regardless of whether contributions are made monthly or yearly. SEPs who fail to pay contributions on time commit an offence. Apart from being imposed a surcharge, you may be subject to a financial penalty of HK\$5,000 or 10% of the amount of default contributions (whichever is greater). Defaulting SEPs may also be prosecuted. An offender is liable to a maximum penalty of imprisonment for 6 months and a fine of HK\$50,000 on first conviction.**

### **Other Amendments**

The MPFA has produced another flyer, which sets out the major amendments to the MPF legislation that have more direct impact on employers and MPF scheme members, and it is available to the public free of charge. For details, please visit the MPFA’s website at <http://www.mpfa.org.hk>. You may also refer to the documents pertinent to the amendments to the Mandatory Provident Fund Schemes Ordinance posted on the Legislative Council’s website at <http://www.legco.gov.hk> and to the Government Gazette posted on the Government Logistics Department’s website at <http://www.gld.gov.hk>.



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