

# Of EPF and Socso allowance

## Q&A CAREER

Do you have any questions regarding your job? Are there any aspects of human resource management that you like to know about?

### The Manager

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\*Please mark "Appointments Page" on your envelope. All letters must be typewritten or clearly written with full names and addresses, and pseudonyms if desired. No personal replies will be entertained.



**MALAYSIAN EMPLOYERS FEDERATION**  
PERSATUAN MAJIKAN MAJIKAN MALAYSIA

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**Q:** I have just started working after completing my studies. Since I am new in my job, I would like to know issues pertaining to labour law. The questions are:

- 1) What allowances are subjected to Employees' Provident Fund (EPF) and Social Security Organisation (Socso) deductions?
- 2) If an employee works in excess of his normal working hours, is the overtime paid subjected to EPF and Socso deductions?
- 3) Employees are sometimes requested to work on their rest days and public holidays as their normal working day. Is the pay on a rest day and public holiday subjected to EPF and Socso deductions?
- 4) If an employee applied to be on leave on a public holiday which fell on a normal working

day for the employee but his leave was not approved by his employer, and he absents himself from work on that day, will he still be entitled to wages for the said public holiday?

- 5) What is the lawful employment age?
- 6) Is it lawful for the company to deduct an employee's monthly salary for his lateness in reporting for work?

**A:** 1) Allowances subjected to Socso deductions would include allowances payable by an employer to the employee but excludes travelling allowances or the value of any travelling concession and any sum paid to an employee to defray special expenses incurred as a result of his employment.

Allowances subjected to EPF deductions would include allowances payable by an employer to an employee.

2) Overtime pay attracts Socso contribution but not EPF.

3) Rest day pay and public holiday pay are subjected to Socso. Overtime on rest days and public holidays are subjected to Socso deductions but not EPF deductions.

4) From the facts stated in your question, it appears that the public holiday you stated is not one of the gazetted public holidays recognised by the company. Hence, it is the employer's normal working day.

If the employee wants to take leave on this particular day, he may apply for leave from his annual leave entitlement or as unpaid leave if the company provides this. In order for the leave to be valid, it has to be approved by the company.

Should the particular employee be absent on that particular day where leave was not granted, then he will be deemed absent without leave and this would constitute a

misconduct. The employee is not entitled to any pay for that day of absence.

5) The Children and Young Persons (Employment) Act 1966, sets the rules and conditions for employing children and young persons. A child is defined as a person who has not completed his 14th year of age.

A young person is between 15 and has not completed his 16th year of age. Thus, once a person has completed his 16th year of age, he is considered an adult for the purpose of employment and may be employed accordingly and no longer be governed by the Children and Young Persons (Employment) Act.

6) Lateness is considered as absence without leave. The employer is entitled not to pay the employee for the period he is absent without leave. Salary will be calculated according to the period worked.