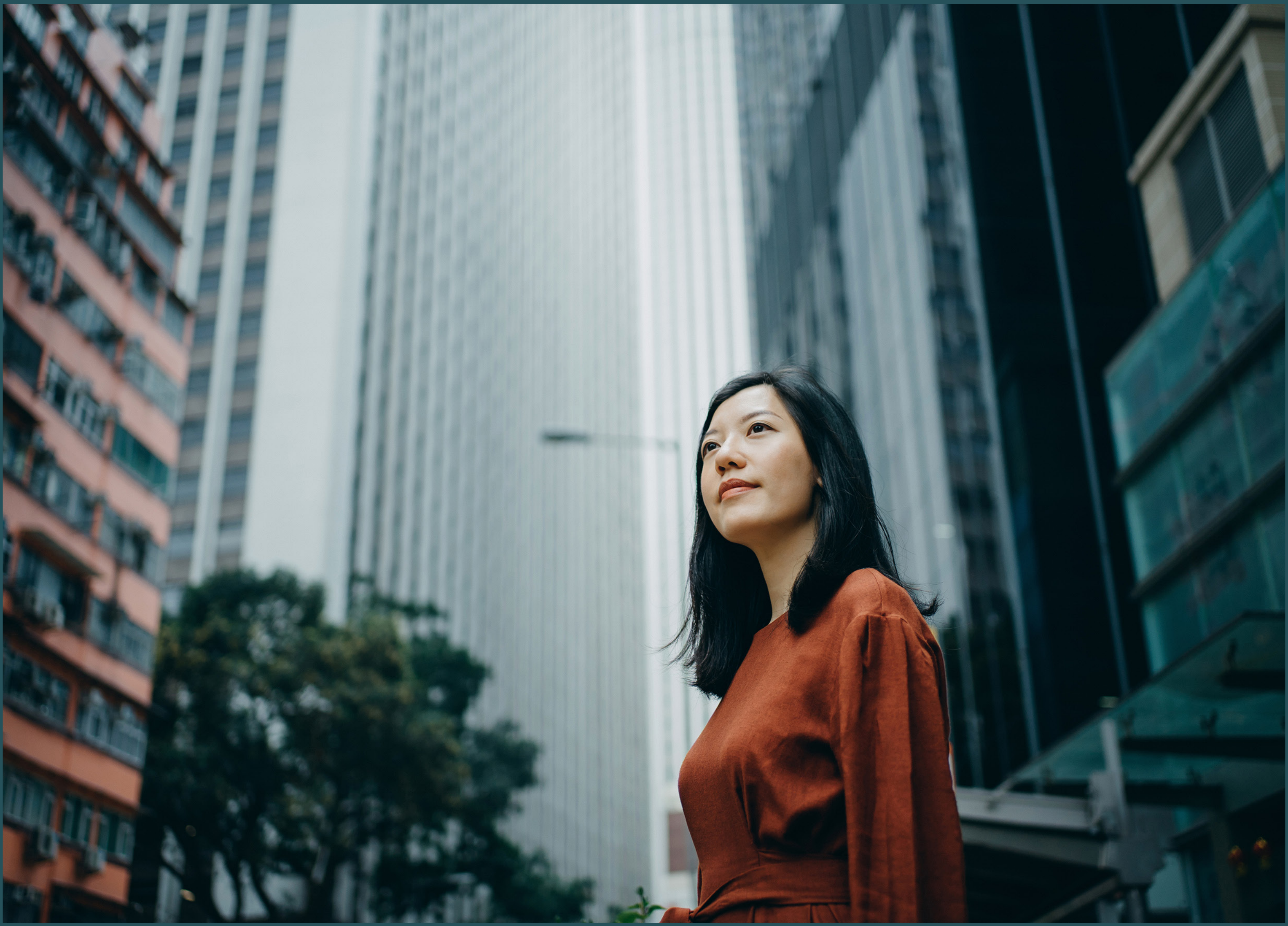
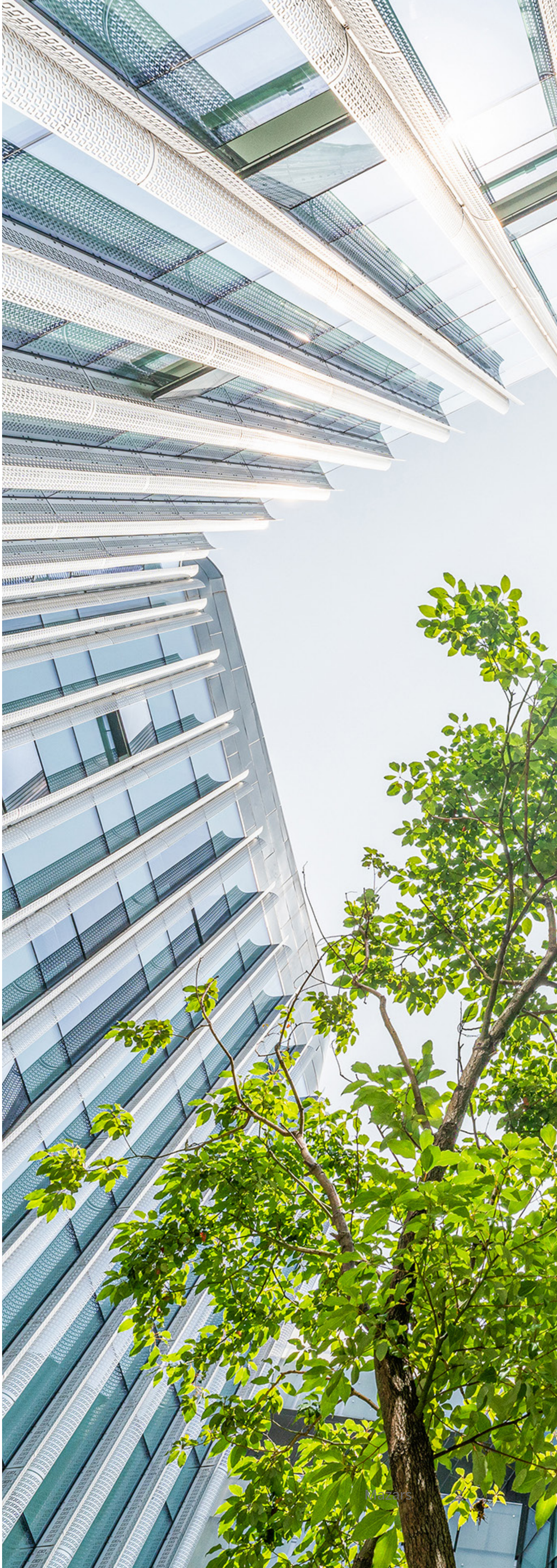


APAC Payroll newsletter

Issue 1/2024

February 2024

mazars



Managing global payroll across multiple countries can be challenging for many businesses.

You may face different payment dates and deadlines, local rules and regulations, types of deductions, frequency of payments, and a variety of reporting requirements. It can also be problematic and inefficient using multiple local providers and hiring specialists in countries to service only a few employees.

How can we help you?

Mazars offers a comprehensive multi-country payroll outsourcing service that is seamless and efficient. By centralizing your global payroll services with one experienced firm, you retain greater control over the various regulations required to comply with payroll across multiple countries.

For more information, please visit our Global Payroll Services.

Jonathan Fryer
Partner, Outsourcing services in Thailand
APAC Outsourcing regional parter

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Australia

Key updates

Can the Fair Work Act 2009 apply to international remote workers?

In the very recent case of Gautam Parimoo v Lake Resources N.L. [2023] FWC 2543 (4 October 2023) the Fair Work Commission was required to determine if it had jurisdiction to deal with a General Protections application, filed by an Argentina-based Chief Operating Officer, who was a US citizen, and who at all relevant times worked outside of Australia, but was employed by an Australian employer.

Given the mobility of employees post Covid-19, the application of the Fair Work Act to overseas employees is now a genuine consideration for many employers. It is no longer an unusual arrangement for employees to live and work in other countries for an Australian employer.

In accordance with the definition of an "Australian-based employee" under section 35 of the Fair Work Act, the Act applies to employees employed by an Australian employer, whether the employee is located in Australia or elsewhere, unless the employee is engaged outside Australia to perform duties outside Australia.

This exception under s35(3) is therefore a two-pronged test, and for the exemption to apply, both of the following must be satisfied:

- The employee is engaged outside Australia; and
- To perform duties outside Australia.

In the case of Gautam Parimoo v Lake Resources N.L it was clear that the second limb of the exception was met, in that the employee performed their duties outside of Australia. The employee was engaged to perform work in the province of Catamarca, Argentina. However, as the contract was signed overseas and then sent by email to the Sydney office, this raised an issue of whether the employee could have been said to have been "engaged outside Australia" as is required by the first limb of the exemption.

Ultimately, it was determined that the employment contract was made at the time that the employee communicated his acceptance of the employment contract to the employer (by returning a signed copy to the employer by way of email). As the email accepting the signed contract was opened in Sydney, the employee was found to be an Australian-based employee and the claim was therefore within the jurisdiction of the Commission.

Following this determination, employers should be conscious of the implications for any overseas employees they have engaged. Employers should take the opportunity to consider whether the Fair Work Act applies to some employees who they may previously thought would have been outside the scope of the Fair Work Act.

It is crucial that employers understand the jurisdiction they are operating in to ensure they are adhering to the relevant laws.

Sexual harassment is a real and present risk for your business

December 2023 sees the introduction of additional powers for the Human Rights Commission (the HRC). The HRC will have new powers to investigate and enforce regulations aimed at proactively eliminating all forms of sexual harassment in the workplace. This represents a significant shift in the regulatory landscape, underlining the urgency and importance of addressing this issue.

Businesses have always had an obligation to implement strategies to prevent sexual harassment in the workplace, however this obligation has been substantially increased by the introduction of a positive duty to do "all things reasonable" to prevent sexual harassment in the workplace.

Types of sexual harassment

While headline-grabbing incidents of sexual harassment do occur, they represent only a fraction of the problem. The most common type of sexual harassment takes subtler forms, often manifesting as incidents that convey offensive or demeaning attitudes based on gender or sex. These actions might not be as immediately apparent, but they can also create risk and a hostile work environment that impacts morale, engagement, and overall productivity.

The impact on your business

Addressing workplace sexual harassment isn't just about moral and ethical responsibility; it also has tangible consequences for your business. Failing to implement strategies to proactively prevent sexual harassment in the workplace can lead to several detrimental outcomes, including:

1. **Reputational damage**: Cases of sexual harassment can damage a company's reputation, affecting its image and brand in the eyes of both employees and customers.
2. **Workplace safety and discrimination penalties**: Legal consequences may include fines and penalties for failing to maintain a safe work environment. As an examples, here is a link to a recent prosecution from WorkSafe.
3. **Lost productivity**: Sexual harassment can lead to decreased employee morale and engagement, resulting in lost productivity and increased turnover.
4. **Employee wellbeing**: Employees who experience harassment or those who witness it occurring in the workplace may suffer from emotional distress, negatively impacting their mental health and overall well-being.

Taking proactive steps

To protect your business and your employees, it's crucial to take proactive steps to eliminate workplace sexual harassment. Some of these steps include:

1. **Develop a meaningful policy** which clearly articulates the employer's position in relation to conduct which may constitute sexual harassment in the workplace.
2. **Education and training**: Implement sexual harassment prevention programs, including employee training, to ensure everyone is aware of what constitutes harassment and how to report it.
3. **Effective reporting mechanisms:** Create a safe and confidential channel for employees to report incidents of harassment. Ensure that complaints are taken seriously and that there are clear processes for investigation and resolution.
4. **Zero-tolerance policy**: Establish a zero-tolerance policy for sexual harassment and make sure it's consistently enforced at all levels of the organisation.
5. **Cultural change**: Foster a workplace culture that promotes respect, equality, and diversity. Leadership should set the example for desired behaviour.

In summary, workplace sexual harassment is a pressing issue that requires immediate attention. With new regulations in place, the Human Rights Commission is reinforcing it's imperative for businesses to take proactive measures to eliminate harassment of all forms. Not only is it the right thing to do, it is also crucial for safeguarding your business from significant risks, including reputational damage, financial penalties and lost productivity.

To address the root causes and real risks of workplace sexual harassment, businesses should take action now. Your commitment to creating a safe and respectful work environment is not only a regulatory requirement but also a vital step toward a more equitable and productive future.

In addition to the new powers of the HRD, the Fair Work Commission (FWC) also has new powers in relation to the issuing of Stop Sexual Harassment orders. These new powers go much further than the powers previously available to the FWC in this area.

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China

Key updates

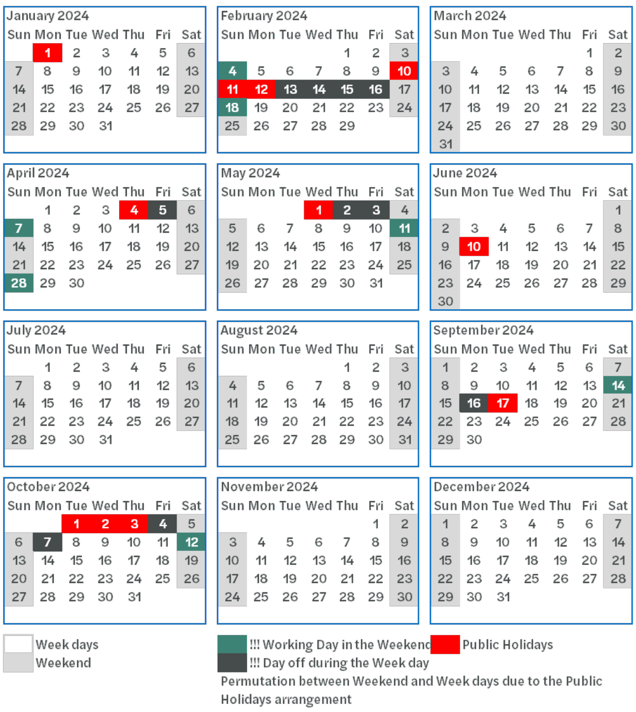
Legal holidays 2024 in Mainland China

In Mainland China, holidays are based on 7 main celebrations as follows:

- New Year's Day
- Spring Festival
- Tomb Sweeping Festival
- Labor Day
- Dragon Boat Festival
- Mid-Autumn Festival
- National Day

On 25 October 2023, the State Council announced the public holiday arrangements for 2024 – which are "social" arrangements made in order to lengthen the number of consecutive days of holiday and allow the employees to return to their home city.

Companies are highly recommended to consider the legal holidays (see below) when planning their activities.



New process of the social insurance declaration and payment in Shanghai and Beijing

New process:

The method of social insurance declaration and payment will be changed from automatic payment deduction to manual declaration and manual payment process at the tax bureau.

The following two operations related to social insurance are involved to this new process:

- Monthly social insurance declaration and payment
- Yearly social contribution base adjustment
- Social insurance mainly includes below:
- Pension insurance
- Medical insurance (including maternity insurance)
- Work-Injury insurance
- Unemployment insurance

Starting date:

- Shanghai has started this new process from **1 December 2023**.
- Beijing will start from **1 January 2024**.

Declaration method:

Enterprise can perform these two operations mentioned in above via below channels:

- E-tax bureau
- Client platform of social insurance management
- Tax service hall

It is important to ensure that the social contribution handlers complete the proper payment process on the above-mentioned platform on a monthly basis.

Timeline:

- Payments need to be done **before the 15th of the following month** for enterprises in Shanghai.
- Payments need to be done **between the 10th and 25th of the following month** for enterprises in Beijing.

Point of attention:

- Ensure that the payment process has been completed (no automatic withdraw as before).
- No need to report to the tax bureau if an employee's social contribution base for 2023 has been renewed in July.
- But for newly added or adjusted employee's social contribution base within this social insurance year, it should be reported to the tax bureau.
- If an enterprise needs to pay the social insurances for the period of before December 2023, it also needs social contribution centre to determine the amounts of payable before making the payment to tax bureau.
- Below operations still need to be handled by social contribution centre:
  - Social insurance registration
  - Social insurance rights record
  - Social insurance treatment approval

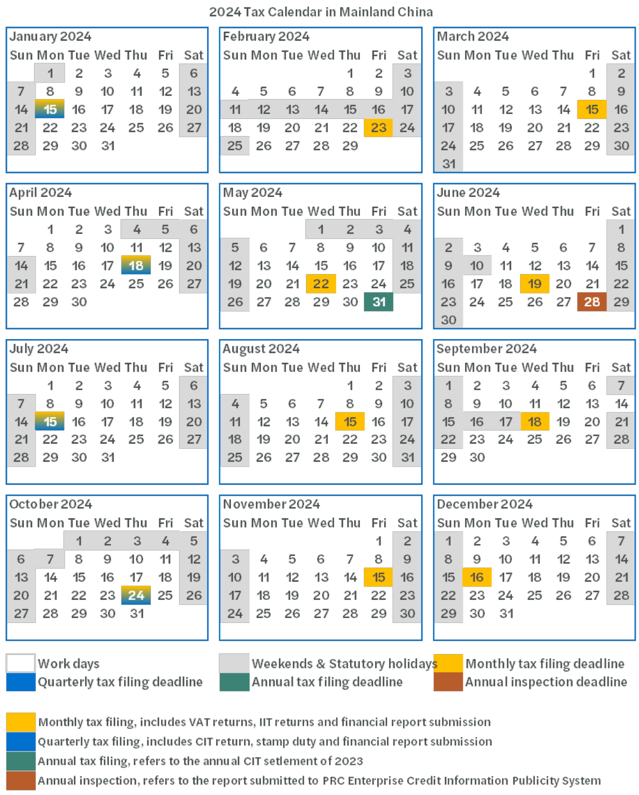
Mazars would like to recommend that enterprises double check with the HR agent on how to deal with the changes in this new process.

Reference:

- State Administration of Taxation Shanghai Taxation Bureau, Shanghai Finance Bureau, Shanghai Human Resources and Social Security Bureau, People's Bank of China Shanghai Branch, Shanghai Medical Security Bureau [2023] No.2: Notice on Optimizing and Adjusting the Process of Declaration and Payment of Social Insurance Premiums (link here in Chinese)
- State Administration of Taxation Beijing Taxation Bureau, Beijing Finance Bureau, Beijing Human Resources and Social Security Bureau, People's Bank of China Beijing Branch, Beijing Medical Security Bureau [2023] No.5: Notice on Optimizing and Adjusting the Process of Declaration and Payment of Social Insurance Premiums (link here in Chinese).

Tax filling calendar 2024 in Mainland China

Following the notice announced by the State Taxation Administration on 28 December 2023, please find below the tax filing calendar for the year 2024.



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Hong Kong

Key updates

Increase of Statutory Holiday in Hong Kong in 2024

Starting from 2024, an additional statutory holiday is added under the Employment Ordinance ("EO"). Fourteen (14) statutory holidays are now defined in the EO:

1. The first day of January
2. Lunar New Year's Day
3. The second day of Lunar New Year
4. The third day of Lunar New Year
5. Ching Ming Festival
6. Labour Day, being the first day of May
7. The Birthday of the Buddha
8. Tuen Ng Festival
9. Hong Kong Special Administrative Region Establishment Day, being the first day of July
10. The day following the Chinese Mid-Autumn Festival
11. Chung Yeung Festival
12. National Day, being the first day of October
13. Chinese Winter Solstice Festival or Christmas Day (at the option of the employer)
14. **The first weekday after Christmas Day***

* Newly added statutory holiday from 2024

All employees under the EO are entitled to statutory holidays. Employees who have been employed under a continuous contract for not less than 3 months, should receive holiday pay based on the average daily wages earned in the 12-month preceding the day of the statutory holiday.

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India

Key updates

No recent regulatory updates in India to report in this edition. Stay tuned for future updates.

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Indonesia
Key updates

New tax rule on Article 21 Income Tax Withholding Rates on Individual Taxpayers

What is new?

As the new year unfolds, it's time to turn our attention to the ever-evolving landscape of personal income tax regulations. In this Newsletter edition, we delve into the latest amendments to the personal income tax laws, the Government Regulation No. 58 Year 2023 ("PP 58/2023") concerning the Article 21 Income Tax Withholding Rates on income in connection with employment, services, or activities of the individual taxpayers. The regulation was issued on 27 December 2023 with enactment on 1 January 2024.

Individual income tax rates have changed based on Article 17 paragraph (1) letter a of Law Number 7/1983, as amended by Law Number 7/2021 concerning Harmonization Law. In PP 58/2023, "tax rates" are adjusted to "effective tax rates" for Article 21 Income Tax Withholding on income from employment, services, or activities of individual taxpayers.

According to the new regulation, in order to provide convenience and simplicity in fulfilling tax obligations for Taxpayers regarding Article 21 Income Tax withholding, including for state officials, civil servants, members of the Indonesian national army, members of the Republic of Indonesia's state police, and their retirees, it is necessary to make adjustments to the withholding mechanism and the imposition of Article 21 Income Tax.

Key highlights of new tax rule on withholding Article 21 Income Tax

There will be two (2) withholding tax rates to be used in calculating Article 21 Income Tax Withholding during the year. The Article 21 Income Tax withholding rates consist of:

a. Rates based on Articles 17 paragraph (1) letter a of the Income Tax Law Number 7/1983; and

b. Effective rate of withholding of Income Tax Article 21 based on PP 58/2023.

Effective withholding tax rates consist of monthly and daily rates. Effective monthly tax rates are categorized based on non-taxable income according to marital status and dependents at the beginning of the tax year.

Effective Monthly Tax Rates per Category

The effective monthly tax rates under Category A, B and C range from 0% to 34%.

a. Category A is applied to gross monthly income received or earned by income recipients with Non-Taxable Income status as follows:

   1. Single without dependents;
   2. Signe with one (1) dependent; or
   3. Married without dependents.

   The following table shows the monthly gross income bracket with the corresponding effective tax rates for Category A.

Monthly Gross Income Bracket (in Rp)		Effective Tax Rates
Up to 5,400,000		0.00%
5,400,001	5,650,000	0.25%
5,650,001	5,950,000	0.50%
5,950,001	6,300,000	0.75%
6,300,001	6,750,000	1.00%
6,750,001	7,500,000	1.25%
7,500,001	8,550,000	1.50%
8,550,001	9,650,000	1.75%
9,650,001	10,050,000	2.00%
10,050,001	10,350,000	2.25%
10,350,001	10,700,000	2.50%
10,700,001	11,050,000	3.00%
11,050,001	11,600,000	3.50%
11,600,001	12,500,000	4.00%
12,500,001	13,750,000	5.00%
13,750,001	15,100,000	6.00%
15,100,001	16,950,000	7.00%
16,950,001	19,750,000	8.00%
19,750,001	24,150,000	9.00%
24,150,001	26,450,000	10.00%
26,450,001	28,000,000	11.00%
28,000,001	30,050,000	12.00%
30,050,001	32,400,000	13.00%
32,400,001	35,400,000	14.00%

Monthly Gross Income Bracket (in Rp)		Effective Tax Rates
35,400,001	39,100,000	15.00%
39,100,001	43,850,000	16.00%
43,850,001	47,800,000	17.00%
47,800,001	51,400,000	18.00%
51,400,001	56,300,000	19.00%
56,300,001	62,200,000	20.00%
62,200,001	68,600,000	21.00%
68,600,001	77,500,000	22.00%
77,500,001	89,000,000	23.00%
89,000,001	103,000,000	24.00%
103,000,001	125,000,000	25.00%
125,000,001	157,000,000	26.00%
157,000,001	206,000,000	27.00%
206,000,001	337,000,000	28.00%
337,000,001	454,000,000	29.00%
454,000,001	550,000,000	30.00%
550,000,001	695,000,000	31.00%
695,000,001	910,000,000	32.00%
910,000,001	1,400,000,000	33.00%
>1,400,000,000		34.00%

b. Category B is applied to gross monthly income received or earned by income recipients with Non-Taxable Income status as follows:

1. Single with two (2) dependents;
2. Single with three (3) dependents;
3. Married with one (1) dependent; or
4. Married with two (2) dependents.

The following table shows the monthly gross income bracket with the corresponding effective tax rates for Category B.

Monthly Gross Income Bracket (in Rp)		Effective Tax Rates
Up to 6,200,000		0.00%
6,200,001	6,500,000	0.25%
6,500,001	6,850,000	0.50%
6,850,001	7,300,000	0.75%
7,300,001	9,200,000	1.00%
9,200,001	10,750,000	1.50%
10,750,001	11,250,000	2.00%
11,250,001	11,600,000	2.50%
11,600,001	12,600,000	3.00%
12,600,001	13,600,000	4.00%
13,600,001	14,950,000	5.00%
14,950,001	16,400,000	6.00%
16,400,001	18,450,000	7.00%
18,450,001	21,850,000	8.00%
21,850,001	26,000,000	9.00%
26,000,001	27,700,000	10.00%
27,700,001	29,350,000	11.00%
29,350,001	31,450,000	12.00%
31,450,001	33,950,000	13.00%
33,950,001	37,100,000	14.00%
37,100,001	41,100,000	15.00%
41,100,001	45,800,000	16.00%
45,800,001	49,500,000	17.00%
49,500,001	53,800,000	18.00%
53,800,001	58,500,000	19.00%
58,500,001	64,000,000	20.00%
64,000,001	71,000,000	21.00%
71,000,001	80,000,000	22.00%
80,000,001	93,000,000	23.00%
93,000,001	109,000,000	24.00%
109,000,001	129,000,000	25.00%
129,000,001	163,000,000	26.00%
163,000,001	211,000,000	27.00%
211,000,001	374,000,000	28.00%
374,000,001	459,000,000	29.00%
459,000,001	555,000,000	30.00%
555,000,001	704,000,000	31.00%
704,000,001	957,000,000	32.00%
957,000,001	1,405,000,000	33.00%
>1,405,000,000		34.00%

c. Category C is applied to gross monthly income received or obtained by income recipients who are married and have three (3) dependents.

The following table shows the monthly gross income bracket with the corresponding effective tax rates for Category C.

Monthly Gross Income Bracket (in Rp)		Effective Tax Rates
Up to 6,600,000		0.00%
6,600,001	6,950,000	0.25%
6,950,001	7,350,000	0.50%
7,350,001	7,800,000	0.75%
7,800,001	8,850,000	1.00%
8,850,001	9,800,000	1.25%
9,800,001	10,950,000	1.50%
10,950,001	11,200,000	1.75%
11,200,001	12,050,000	2.00%
12,050,001	12,950,000	3.00%
12,950,001	14,150,000	4.00%
14,150,001	1,550,000	5.00%
1,550,001	17,050,000	6.00%
17,050,001	19,500,000	7.00%
19,500,001	22,700,000	8.00%
22,700,001	26,600,000	9.00%
26,600,001	28,100,000	10.00%
28,100,001	30,100,000	11.00%
30,100,001	32,600,000	12.00%
32,600,001	35,400,000	13.00%
35,400,001	38,900,000	14.00%
38,900,001	43,000,000	15.00%
43,000,001	47,400,000	16.00%
47,400,001	51,200,000	17.00%
51,200,001	55,800,000	18.00%
55,800,001	60,400,000	19.00%
60,400,001	66,700,000	20.00%
66,700,001	74,500,000	21.00%
74,500,001	83,200,000	22.00%
83,200,001	95,600,000	23.00%
95,600,001	110,000,000	24.00%
110,000,001	134,000,000	25.00%
134,000,001	169,000,000	26.00%
169,000,001	221,000,000	27.00%
221,000,001	390,000,000	28.00%
390,000,001	463,000,000	29.00%
463,000,001	561,000,000	30.00%
561,000,001	709,000,000	31.00%
709,000,001	965,000,000	32.00%
965,000,001	1,419,000,000	33.00%
>1,419,000,000		34.00%

Effective Daily Tax Rates

The following table shows the daily gross income bracket with the corresponding effective tax rates for workers being paid on a daily basis.

Daily Gross Income Bracket (in Rp)		Effective Tax Rates
Up to 450,000		0.00%
450,001	2,500,000	0.50%
>1,419,000,000		34.00%

How will the new tax rule impact the employees and employers?

Employees will receive higher net salary pay from January to November and lower net salary pay in December due to the impact of implementation of effective monthly tax rates. Employers will deduct monthly withholding from employees' income based on the effective monthly tax rates from January to November. Employers will need to deduct withholding tax from employees' December income based on Article 17 paragraph (1) of Income Tax Law Number 7/1983 after deducting the tax already withheld up to November.

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Japan

Key updates

Change of Health/Care Insurance Premiums (provided by Japan Health Insurance Association)

The finalised rates for social insurance are typically confirmed by the Japanese authorities in mid-February. Please be aware that the list below is currently an estimate.

Health Insurance

Applied from March 2024 to February 2025 (Tokyo)

Premium rate		Total
Employer	Employee	
4.99%	4.99%	**9.98%**

Care Insurance

Applied from March 2024 to February 2025 (Tokyo)

Premium rate		Total
Employer	Employee	
0.8%	0.8%	**1.6%**

Change of Individual income taxation

Individual income tax will be reduced by JPY 30,000 from June payroll.

(Deduction of Dependent spouses and dependent relatives are JPY 30,000 per person)

Eligibility

Your total annual taxable income must be below JPY 18,050,000

(Taxable income is your annual income after various deductions. If you only have salary income, annual gross salary must be below JPY 20 million)

Change of minimum employment rate of Employees with disabilities required by law

Rate		
Up to March 2024	From April 2024	From April 2024
2.3%	2.5%	2.7%

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Korea

Key updates

Extension of application period for special Flat tax rate for foreign workers

The content of this extension is 19% of flat tax rate will be applied (20.9% including local income tax)

- Progressive income tax rate (6~45%) can be selected.
- Tax exemption, income deduction, and tax credit are not applied in the case of applying a flat rate.
- Housing benefit to foreign workers who are subject to flat rate will be excluded from earned income.

The application starts 20 years from the start date of work domestically in Korea and ends by 26 December 2031.

Expansion of income tax deduction for interest payments on long-term mortgage loans

This extension is about the increased deduction limit and expanded scope of application.

- Applicable to workers who do not own a house or own only one house
- Applies to those who acquire the house after 1 January 2024.
- Applicable to those who pay interest payment after 1 January 2024.

The deduction limit is from KRW 6M to KRW 20M. The housing requirements impose on an official real-estate price in amount of KRW 600M or less.

Increased income limits and tax credit ceiling for monthly rent tax credit

Here, the extension is about the increased income limits and expanded tax credit.

- Applicable to workers who do not own house within a total salary of KRW 80M.
- Applies to monthly rent paid after Jan1 2024.
- The deduction limit is KRW 10M.

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Malaysia
Key updates

Update for Employer on Submission of Form E

Form E (Borang E) is a form required to be filled and submitted to Inland Revenue Board of Malaysia (IBRM) or Lembaga Hasil Dalam Negeri (LHDN) by an employer. IRB has introduced a new portal called **MyTax Portal** for submission of Form E.

Form E is a declaration report to inform the IRB (LHDN) on the number of employees and the list of employee's income details as at 31st December. The form must be submitted by **31st March** of each calendar year.

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Philippines
Key updates

PAG-IBIG increases the Maximum Fund Salary and shares new monthly contribution rates in the Philippines

The Home Development Mutual Fund (HDMF)/PAG-IBIG releases guidelines for the implementation of the increased Maximum Fund Salary (MFS), article from Mazars HR and Payroll Services Philippines

PAG-IBIG has recently increased the Maximum Fund Salary (MFS) in the Philippines through their Circular No. 460 released on 15 January 2024, which is then stated to take effect on February 2024.

The circular contains guidelines showcasing the updated contribution rates of PAG-IBIG members and the effects of the increase in MFS on the salaries of employees in the Philippines.

Guidelines on the increased MFS

The circular states that the MFS used in both employee and employee savings has been i**ncreased from Five Thousand Pesos (PHP 5,000) to Ten Thousand Pesos (PHP 10,000)**.

This increase was made following the financial calculations and rates of benefits provided in Section 7 of Republic Act No. 9679.

The circular then defines "Fund Salary" as the basic salary and other allowances, where basic salary includes, but is not limited to, fees, salaries, wages, and similar items received in a month. It shall mean the remuneration or earnings, however designated, capable of being expressed in terms of money, whether fixed or ascertained on a time, task, or piece or commission basis, or other method of calculating the same, which is payable by an employer to an employee or by one person to another under a written or unwritten contract of employment for work done or to be done, or for services rendered or to be rendered.

It then states that employers are required to remit two percent (2%) of the monthly "Fund Salary" of each contributing member as their counterpart contribution. Note that this employer's contribution cannot be deducted from the employee's wages or remuneration in any way.

The circular also illustrates the **updated contribution rate of all PAG-IBIG member**, this applies to both voluntary and mandatory members:

Fund salary	Contribution rate	
	Employee	Employer (if any)
PHP 1,500 and below	1.0%	2.0%
Over PHP 1,500	2.0%	2.0%

Monthly Fund Salary Under Mandatory Coverage

The next portion of the order explains that the monthly fund salary used for calculating contributions of all members under the mandatory coverage **will be governed by the new rate**, with potential exceptions as outlined in relevant regulations. These new specifications state that:

1. *All employees who are or ought to be covered by the Social Security System (SSS), provided that actual membership in the SSS shall not be a condition precedent to the mandatory coverage in the Fund;*
    - *Private employees, whether permanent, temporary, or provisional who is not over sixty (60) years old;*
    - *Filipino seafarers upon the signing of the standard contract of employment between the seafarer and the manning agency, which together with the foreign ship owner, acts as the employer;*
    - *Self-employed persons subject to mandatory coverage, including those who registered for Fund coverage under HDMF Circular No. 96, shall be treated as both the employee and employer and shall therefore be required to pay both the employee share and the employer counterpart in accordance with the rates specified above.*
2. *All employees covered by the Government Service Insurance System (GSIS), regardless of their status of appointment, including members of the Judiciary and Constitutional Commissions;*
3. *Uniformed members of the Armed Forces of the Philippines, the Bureau of Fire Protection, the Bureau of Jail Management and Penology, and the Philippine National Police;*
4. *Filipinos employed by foreign-based employers, whether they are deployed here or abroad or a combination thereof;*

5. *Household workers or "Kasambahays" who fit the following definitions:*
    - *General Household Helper;*
    - *Yaya (Nanny);*
    - *Cook;*
    - *Gardener;*
    - *Laundry Person;*
    - *Any person who regularly performs domestic work in one household on an occupational basis (live-out arrangement).*

Following the guide, employers are responsible for contributing the specified Mandatory Monthly Savings (MS) based on the Fund Salary of their Kasambahay employees, as long as it falls below Five Thousand Pesos.

Their rate is as follows:

Fund salary	Total MS Rate to be shouldered by Employer
PHP 1,500 and below	3.0%
Over PHP 1,500	4.0%

Note that If a Kasambahays' gross monthly Fund Salary is at least Five Thousand Pesos (P5,000), the Kasambahays and their Employers shall pay their corresponding proportionate share in the monthly Mandatory Savings.

The share's rates are as follows:

Fund salary	Total MS Rate to be shouldered by Kasambahay	MS rate to be shouldered by Employer
5,000 and above	2.0%	2.0%

6. *Other Earning Groups including farmers, fisherfolks, market vendors, transport sector workers, other similar self-employed individuals, service providers, family drivers, and other persons who perform work occasionally or sporadically and not on an occupational or regular basis.*

Fund salary	Contribution rate
At least PHP 1,000 to PHP 1,500	1.0%
Over PHP 1,500	2.0%

Monthly Fund Salary Under Voluntary Coverage

The circular confirms that the monthly fund salary used for calculating contributions of all members under the mandatory coverage will be governed by the new rate unless otherwise specified.

It then explains that Individuals between 18 to 65 years old are eligible for voluntary Pag-IBIG membership. But these potential PAG-IBIG members must still comply with the set rules and regulations for Pag-IBIG members including the amount of contribution and schedule of payment.

But please note that the availment of loans and other programs/benefits offered by the Fund by voluntary members shall be subject to specific eligibility requirements as stipulated by the relevant regulations.

The option for voluntary coverage applies to the following individuals:

1. Non-working spouses who devote their full time in managing the household and family affairs, unless they also engage in another vocation or employment which is subject to mandatory coverage, provided the employed spouse is a registered Pag-IBIG member and consents to the Fund membership of the non-working spouse.

    Their contribution rate is as follows:

Fifty Percent (50%) of Working Spouse's Monthly Fund Salary	Contribution rate
PHP 1,500 and below	1.0%
Over PHP 1,500	2.0%

    The non-working spouses shall not be required to remit the employer counterpart.
2. Filipino employees of foreign government or international organization, or their wholly owned instrumentality based in the Philippines, in the absence of an administrative agreement with the Fund;
3. Employees of an employer who is granted a waiver or suspension of coverage by the Fund under RA 9679;
4. Leaders and members of religious groups;
5. Members separated from employment, local or abroad, or ceased to be self-employed but would like to continue paying their personal contribution. Such members may be pensioners, investors, or any other individual with passive income or allowances; and
6. Public officials or employees who are not covered by the GSIS such as barangay Officials, including Barangay Chairmen, Barangay Council Members, Chairmen of the Sangguniang Kabataan, and Barangay Secretaries and Treasurers.

Members reserve the right to contribute beyond the minimum stipulated herein, whereas employers' contributions are fixed following the guidelines stated in the MFS section. Nevertheless, employers have the option to match their employees' increased contributions voluntarily.

If the individual has multiple employers, they need to contribute a percentage of their Fund Salary (as per each employer) to the Fund. Each employer is then responsible for matching the employees' contribution according to the rates of the MFS.

Other Circular Guidelines

The circular states that it has repealed, amended, or modified the following rules/guidelines to conform with its changes:

- Item O of Circular No. 274 on membership contributions
- Revised Guidelines on Pag-IBIG Fund Membership
- Other inconsistent previous issuances

The designated officer will try to resolve any questions or challenges regarding these Guidelines. If disagreements persist, then escalation to the next level of approval is necessary.

Updated PhilHealth payroll contribution rates in the Philippines in 2024

PhilHealth introduced the updated payroll contribution rates in the Philippines for 2024 in the latest version of their contribution table released on 1 January 2024. The new version revealed that PhilHealth contributions are going up to 5% this year compared to the previous rate at 4%. Originally, these changes were planned for an earlier release but were suspended by President BongBong Marcos due to the impact of COVID-19 on the Philippine economy.

The organisation also adjusted the table's income levels, which now range from PHP 10,000 to PHP 100,000.00. They also stated that these changes were made following the guidelines of the 'Universal Healthcare Law of 2019' and in continuation of their plan to expand the benefits of all their members.

PhilHealth Contribution Rates in 2024

Both PhilHealth and Home Development Mutual Fund (Pag-IBIG) have changed their contribution rates for 2024. They are as follows:

- PhilHealth: Contribution rate jumps from 4% to 5% of the employee's monthly salary.
- Pag-IBIG: Monthly contribution rate doubles from 1% to 2%, along with a Monthly Fund Salary bump from P5,000 to P10,000. This translates to P200 monthly contributions from both employees and employers.

PhilHealth and Pag-IBIG then advised employers to update their payroll for the new contribution rates to remain compliant and avoid issues with the law due to uncompliant operations.

Check out the table below for all contribution rate changes from 2019 to 2025, you can also click HERE to see the original table from PhilHealth:

Year	Monthly basic salary	Premium rate	Monthly premium
2019	PHP 10,000.00	2.57%	PHP 275.00
	PHP 10,000.01 to PHP 49,999.99		PHP 275.00 to PHP 1,375.00
	PHP 50,000.00		PHP 1,375.00
2020	PHP 10,000.00	3.00%	PHP 300.00
	PHP 10,000.01 to PHP 59,999.99		PHP 300.00 to PHP 1,800.00
	PHP 60,000.00		PHP 1,800.00
2021	PHP 10,000.00	3.50%	PHP 350.00
	PHP 10,000.01 to PHP 69,999.99		PHP 350.00 to PHP 2,450.00
	PHP 70,000.00		PHP 2,450.00
2022	PHP 10,000.00	4.00%	PHP 400.00
	PHP 10,000.01 to PHP 79,999.99		PHP 400.00 to PHP 3,200.00
	PHP 80,000.00		PHP 3,200.00
2023	PHP 10,000.00	4.50%	PHP 450.00
	PHP 10,000.01 to PHP 89,999.99		PHP 450.00 to PHP 4,050.00
	PHP 90,000.00		PHP 4,050.00
2024 to 2025	PHP 10,000.00	5.00%	PHP 500.00
	PHP 10,000.01 to PHP 99,999.99		PHP 500.00 to PHP 5,000.00
	PHP 100,000.00		PHP 5,000.00

No change to SSS contributions for 2024

In contrast to the changes in the Contribution Rates, the Social Security System (SSS) will continue to retain its 14% contribution rate for the foreseeable future. The contribution shares for employees and their employers will be as follows:

- Employers – shall continue to contribute 9.5% of their share.
- Employees – will still provide their 4.5% share.

However, moving to 2025, a planned increase may be in the works to fulfil a requirement of the Social Security Act of 2018.

Impactful changes will be arriving to PhilHealth, Pag-IBIG, and SSS contribution rates in the Philippines that will require attention from both Employers and Payroll Professionals. It's best to fully understand the details and strategize for seamless integration to avoid any disruptions to your business.

It should be noted that the changes to contribution rates reflect the different goals of the organizations:

- PhilHealth – The increased premium aligns with the expanded healthcare goals.
- PAGIBIG Fund – Was made to accommodate the evolving economic considerations.

Action Plans for the Upcoming Contribution Rate Changes

The revised PhilHealth and Pag-IBIG contribution rates provide both challenges and opportunities. Thus, Employers in the Philippines are advised to adhere to the following precautions to avoid any legal issues or hefty financial penalties:

- Always be aware of the new changes to the contribution rates and other updates.
- Ensure that their establishment's payroll systems are updated accordingly to said changes.
- Provide accurate calculations and deductions from employee salaries following the changes

Please note that while these adjustments may entail added financial obligations for employers, it is crucial to bear in mind that their primary objective is to enhance the well-being of Filipino workers. The new payroll contribution rates in the Philippines will play a pivotal role in sustaining and expanding social security and healthcare benefits, thereby guaranteeing an improved quality of life for all beneficiaries.

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Singapore
Key updates

Changes to CPF Ordinary Wage ceiling

Effective from 1 January 2024, the CPF Ordinary Wage (OW) ceiling will increase to SGD 6,800 per month. Ordinary Wages generally include basic salary and recurring allowances. The CPF OW ceiling limits the amount of OW that attract CPF contributions in a month.

The CPF OW ceiling was previously SGD 6,300. This increase will impact employees earning a monthly OW of SGD 6,300 and above.

Increase in CPF Contribution rates for employees between 55 and 70 years of age with effect from 1 January 2024

Employee's age	Employer contribution	Employee contribution
Above 55 to 60 years	15% (Increase of 0.5%)	16% (Increase of 1%)
Above 60 to 65 years	11.5% (Increase of 0.5%)	10.5% (Increase of 1%)
Above 65 to 70 years	9% (Increase of 0.5%)	7.5% (Increase of 0.5%)

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Taiwan

Key updates

The increase of minimum wage in Taiwan

The national minimum wage is increased. With the effective on 1 January 2024, the monthly minimum wage will have risen by 37.3% from NT$20,008 (US$623) in 2016 to NT$27,470 (US$855), and the hourly minimum wage by 52.5% from NT$120 (US$3.74) to NT$183 (US$5.70). The related social insurance (Health insurance and Labor insurance) will also be adjusted accordingly.

New Personal Tax Deduction effective January 2024

Deduction / Exemption	From 1 January 2024
Non-taxable meal allowance per person per month	Increase from TWD2,400 to TWD3,000
Exemption of Personal Income Tax	General: Increase from TWD92,000 to TWD97,000 Age 70 above: Increase from TWD138,000 to TWD145,500
Standard Deduction of Personal Income Tax	Increase from TWD124,000 to TWD131,000
Salary and Disable Special Deduction of Personal Income Tax	Increase from TWD207,000 to TWD218,000

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Thailand
Key updates

Tax exemption for individuals investing in the Thailand ESG Fund

The Cabinet approved a draft ministerial regulation on granting individuals a tax exemption for investing in the Thailand ESG Fund ("the Fund"), effective from 21 November 2023 to 31 December 2032.

The Fund focuses on investing in the securities and bonds of companies that conform with domestic environmental, social, and governance principles.

Individual taxpayers can claim a tax deduction for the amount invested in the Fund, up to 30% of their income or a maximum of THB 100,000 in a tax year.

The investment units must be held for at least eight years from the date of purchase, except in the event of the disability or death of the investor.

The income received from redeeming the units after maturity will also be exempt from taxes.

Source: Royal Thai Government (Document in the Thai language)

A tax deduction of up to THB 50,000 for individual taxpayers when purchasing goods or services from VAT-registered entrepreneurs who use the electronic tax system between 1 January and 15 February 2024

On 20 December 2023, Ministerial Regulation No. 391 was published in the Royal Gazette. The goal of this regulation is to stimulate spending by encouraging individual taxpayers to purchase more goods or services from businesses registered for VAT, including books and e-books, as well as OTOP products from businesses not registered for VAT, between 1 January and 15 February 2024. Taxpayers can deduct an amount up to that actually spent, but not more than THB 50,000, for the 2024 tax year.

Please note the following:

- The amount of THB 50,000 can be claimed from electronic tax invoices/receipts only.
- Expenses for newspapers, magazines, e-newspapers, e-magazines, travel packages, and hotel fees can be claimed.
- Some goods or services, such as cigarettes, alcoholic drinks, petrol, cars, motorcycles, boats, utility bills, and insurance premiums are NOT tax deductible.

For more information, see Ministerial Regulation No. 391 and the FAQ (Document in the Thai language)

Deadline extended for the electronic payment of Social Security contributions for January through December 2024

On 28 December 2023, a notification issued by the Ministry of Labour on extending the deadline for making Social Security contributions electronically by seven business days was published in the Royal Gazette. See the table below:

Period	Regular deadline	Electronic payment deadline
January 2024	15 February 2024	27 February 2024
February 2024	15 March 2024	26 March 2024
March 2024	15 April 2024	25 April 2024
April 2024	15 May 2024	27 May 2024
May 2024	15 June 2024	25 June 2024
June 2024	15 July 2024	25 July 2024
July 2024	15 August 2024	26 August 2024
August 2024	15 September 2024	24 September 2024
September 2024	15 October 2024	25 October 2024
October 2024	15 November 2024	26 November 2024
November 2024	15 December 2024	24 December 2024

This announcement applies to Social Security contributions for January through December 2024.

For more information, see Ministry of Labour Announcement (Document in the Thai language)

New minimum wage effective 1 January 2024

Notification No.12 of the National Wage Committee regarding an increase in the minimum wage was published on the Royal Gazette. The wage increase became effective on 1 January 2024. The minimum wage increases ranges from THB 2 to THB 16 a day, depending on the province.

The highest daily minimum wage is THB 370 for Phuket Province, while the lowest daily minimum wage is THB 330 for Narathiwat, Pattani, and Yala Provinces.

For employees paid monthly, the minimum salary in Bangkok Province is now THB 10,890.

Details regarding the increase in the minimum wage are set out below:

No.	Minimum Wage (Baht a day)	Number of Provinces	Provinces
1	330	3	Narathiwat, Pattani, Yala
2	338	4	Trang, Nan, Phayao, Phrae
3	340	16	Ranong, Satun, Loei, Nong Bua Lamphu, Udon Thani, Maha Sarakham, Sisaket, Amnat Charoen, Mae Hong Son, Lampang, Sukhothai, Uttaradit, Kamphaeng Phet, Phichit, Uthai Thani, Ratchaburi
4	341	5	Chainat, Sing Buri, Phatthalung, Chaiyaphum, Ang Thong
5	342	5	Nakhon Si Thammarat, Bueng Kan, Kalasin, Roi Et, Phetchabun
6	343	3	Yasothon, Lamphun, Nakhon Sawan
7	344	3	Phetchaburi, Chumphon, Surin
8	345	15	Kanchanaburi, Prachuap Khiri Khan, Surat Thani, Songkhla, Phang Nga, Chanthaburi, Sa Kaeo, Nakhon Phanom, Mukdahan, Sakon Nakhon, Buriram, Ubon Ratchathani, Chiang Rai, Tak, Phitsanulok
9	347	2	Krabi, Trat
10	348	3	Suphanburi, Nakhon Nayok, Nong Khai
11	349	1	Lop Buri
12	350	6	Phra Nakhon Si Ayutthaya, Saraburi, Chachoengsao, Prachinburi, Khon Kaen, Chiang Mai
13	351	1	Samut Songkhram
14	352	1	Nakhon Ratchasima
15	361	2	Chonburi, Rayong
16	363	6	Bangkok, Nakhon Pathom, Nonthaburi, Pathum Thani, Samut Prakan, Samut Sakhon
17	370	1	Phuket

For more information, see National Wage Committee's Notification Re: Minimum Wage (No.12) (Document in the Thai language)

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Vietnam
Key updates

Official Letter No. 4502/CTBNI-TTHT guiding the case of foreigners arriving in Vietnam before the job-commencing date:

This Official Letter, issued by the Bac Ninh tax department dated 25 September 2023, guides the personal income tax declaration and finalization for foreign employees as follows:

In cases the foreign employees have come to Vietnam before the effective date of the labour contract and starting date of employment, the determination of individual, the determination of residence status, tax period, the obligation to declare and finalize Personal Income Tax will be determined from the initial date such foreigner is present in Vietnam regardless the date of the assignment in Vietnam.

Official Letter No. 6002/TCT-DNNCN regarding personal income tax policy for compulsory insurance paid abroad

This Official Letter, issued by the General Department of Taxation dated 29 December 2023, provides the guidance on personal income tax policy on deductions for compulsory insurance paid abroad as follows:

In case the foreign employee is transferred to Vietnam for work (type: internal transfer), he/ she receives income from both Vietnamese company and foreign company. In which, his/her income paid by the foreign company (including compulsory insurance paid abroad) is fully reimbursed by Vietnam company, this insurance shall not be deducted when calculating for his/her personal income tax in Vietnam.

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