



PRE-ASSA BOARD SEMINAR

***3 MARCH 2008
SARAWAK, MALAYSIA***



***'GOOD PRACTICES'
IN EMPLOYEES PROVIDENT FUND (EPF)
ENFORCEMENT ACTIVITIES***

BY

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LEGAL DEPARTMENT
EMPLOYEES PROVIDENT FUND
MALAYSIA**



EMPLOYEES PROVIDENT FUND (EPF) MALAYSIA

**‘GOOD PRACTICES’
IN EPF ENFORCEMENT
ACTIVITIES**



Focusing on enforcement activities against
defaulting employers



EMPLOYEES PROVIDENT FUND (EPF) MALAYSIA

CORPORATE VISION

To be a leading social security organization in the world and the best government agency in Malaysia



THE EPF SCHEME

A Defined Contribution And Fully Funded Scheme

- A social security scheme for employees (mainly for private sector employees) meant for old age protection.
- A defined contribution (savings) and fully funded scheme mandatory by law for both the employer and employee to contribute in respect of the wages derived during their employment.
- What the employees have saved through their EPF contribution together with accrued dividends throughout their working career.



LIABILITY TO CONTRIBUTE

Every employee and employer SHALL BE LIABLE to pay monthly contributions on the amount of wages at the specified rate.

SECTION 43 (1)

All employers are liable to contribute in respect of their employees until they reach 75 years of age.



TWO TIER RATES OF CONTRIBUTION

Until 55 years of age

Employee	*8%
Employer	12%

From 55 – 75 years of age

Employee	5.5%
Employer	6%

*w.e.f 1st January 2009 employee's share of contribution has been reduced by 3% (from 11% to 8 %) for a period of 2 years as part of the government's economy stimulus plan in view of the current global economic crisis.



MISSION

**ENSURE EFFECTIVE AND
TIMELY ENFORCEMENT
ACTION**

**MINIMIZE EMPLOYER'S
RATE OF NON-
COMPLIANCE**

**ENFORCEMENT
MISSION**

**ENSURE HIGH-LEVEL OF
ENGAGEMENT AND
PROVIDE COMPETENT
SERVICE**

**MAXIMIZE EMPLOYEES
&
EMPLOYERS COVERAGE**



MAIN ENFORCEMENT ACTION

EPF ENFORCEMENT TEAM TO ENSURE

each employer contribute in accordance to the law ;

- 1. For ALL employees**
- 2. As per the SPECIFIED RATE**
- 3. In respect of ACTUAL amount of wages received.**

Note: Currently there are 450,605 employers registered with EPF



OUR CHALLENGES

Attempts by employer to evade, omit or under-declare payment of contributions to EPF

Low priority for employers to remit EPF contributions compared to other obligations

Collaboration of employers with employees to evade or minimize contributions to EPF



GOOD PRACTICES

(ENFORCEMENT ACTIVITIES)



1

LIFTING OF THE CORPORATE VEIL

Joint and several liability of directors / partners of companies to remit contributions that remain unpaid to EPF.

CONTRIBUTIONS REMAINING UNPAID BY
COMPANIES

CORPORATE VEIL



**DIRECTORS /
PARTNERS**



2

**RESTRICTION ON DIRECTORS,
PARTNERS, PROPRIETORS OF
DEFAULTING COMPANIES/FIRMS
FROM LEAVING THE COUNTRY**





3

STRATEGIC ALLIANCE WITH LICENSING & OTHER ENFORCEMENT AGENCIES (cont'd)



MINISTRY OF HOME AFFAIRS

(Renewal of license of related businesses)



IMMIGRATION DEPARTMENT

(Restriction to leave the country)



MINISTRY OF HIGHER EDUCATION

(Renewal of license of private colleges & universities)



POLICE DEPARTMENT

(Service of Summons and Execution of warrant of arrest)



COURTS

(Prosecution & civil proceedings)



INSOLVENCY DEPARTMENT

(Bankruptcy and winding up proceedings)



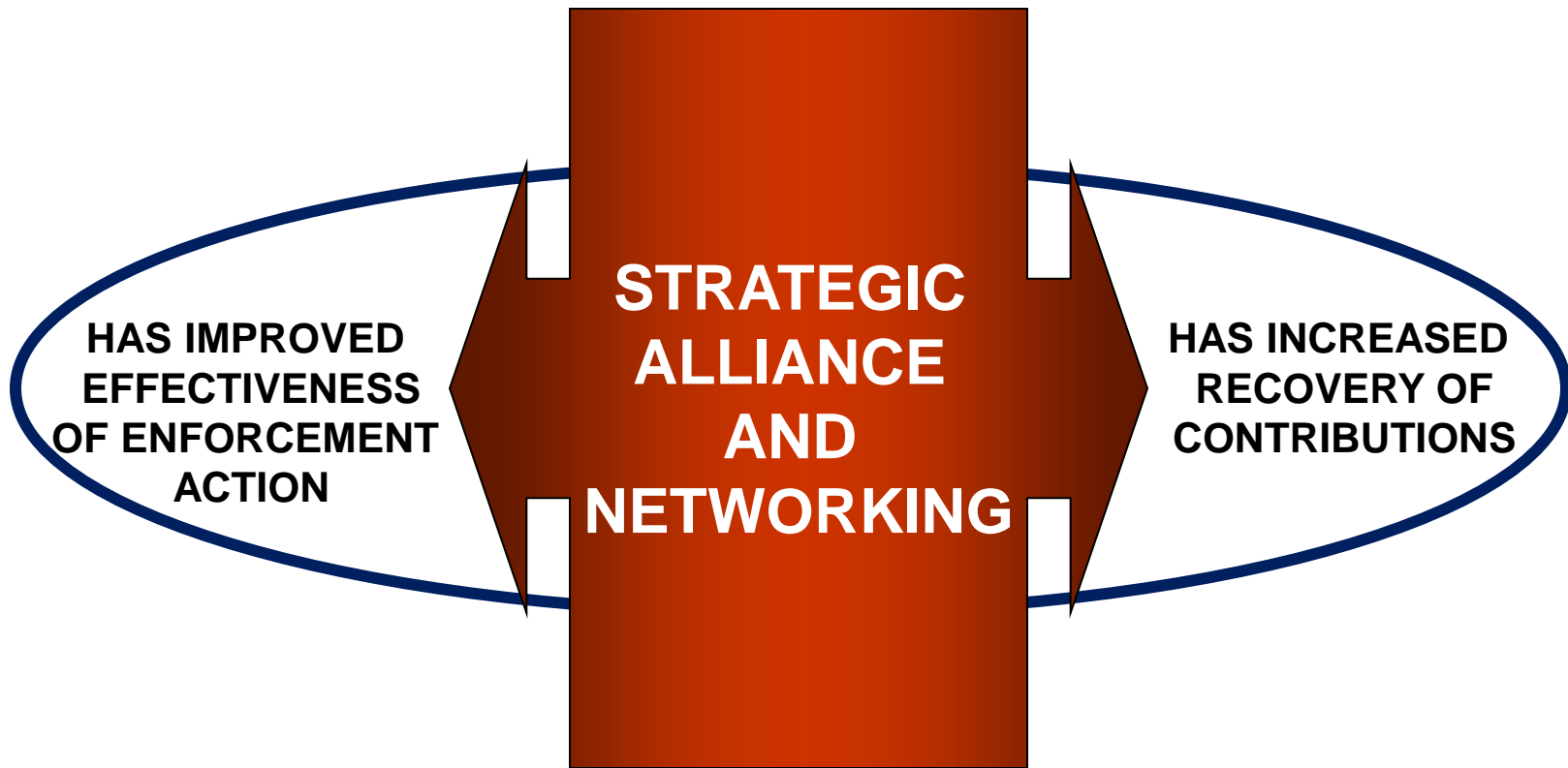
COMPANIES COMMISSION OF MALAYSIA

(Company & directors search)



3

STRATEGIC ALLIANCE WITH LICENSING & OTHER ENFORCEMENT AGENCIES





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EARLY DETECTION OF DEFAULTING EMPLOYERS & IMMEDIATE ENFORCEMENT ACTION (cont'd)

- **1 & 2 months defaulter – Detection and Enforcement Action Initiated.**
- **End of 3rd month default- Legal Action Initiated**

DETECTION OF DEFAULTING EMPLOYERS



SYSTEM

ems
enforcement management system

**DETECTION
METHODOLOGY**

ROUTINE INSPECTION



Compliance Screening Inspection
Area Inspection



COMPLAINTS

Counter
Mails
E-mails
Telephone Calls
Mass Media

RECOVERY OF CONTRIBUTIONS

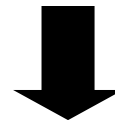
**SPEEDY ACTION
AGAINST
DEFAULTERS**

90 days cycle!

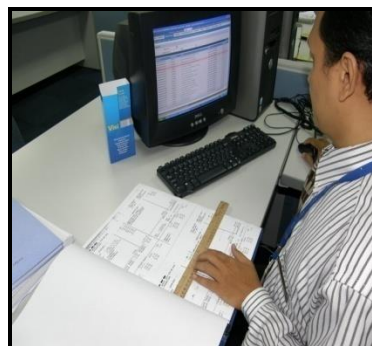


**SENDING OUT NOTICES TO
DEFAULTING EMPLOYERS**

**CALL DEFAULTING
EMPLOYERS**



**INSPECTION ON EMPLOYERS
AND DEMAND PAYMENT**



**ASSESSMENT OF ARREARS
OF CONTRIBUTIONS**



**LEGAL ACTION
CRIMINAL & CIVIL ACTION
FILED**



5

AREA COVERAGE & COMPLIANCE SCREENING INSPECTIONS

Conducted periodically to ensure :

1. **Payment of contribution is in respect of all employees**
2. **Contributions made are in accordance to prescribed rates**
3. **Contribution paid in respect of total wages due & payable to employees**
4. **All liable employers are registered and contribute to EPF**



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EFFECTIVE COMPLAINTS MANAGEMENT

The complaints management system is built into the Enforcement Management System (EMS).

REGISTER → ESCALATE → REPORT → TRACK → UPDATE → NOTIFICATION

CUSTOMER CENTRIC

We notify the complainants every 30 days on the status of action updates.

OUR PLEDGE

We are committed to initiate action/settle on all complaints or disputes received from employee with regards to non-contribution or short contribution within 30 days upon receiving the complaint.



7

INVOCATION

PROTECTIVE CLAUSE FOR EMPLOYEES' WAGES DEDUCTIONS

SEC.50(3) EPF ACT

Section 50(3)

If any employer fails to pay any contributions which has been deducted from the wages of an employee, **the EPF Board shall**, on being satisfied that such deduction has been made, **credit the employee with the amount of contribution together with any dividend** which would have been credited thereof if such contributions had been paid by the employer within the prescribed period.



8

VALUE ADDED SERVICES

TRAIN & EDUCATE EMPLOYERS/EMPLOYEES



- Provide **in-house training & knowledge sharing sessions** to educate employers & employees.
- Work closely with the Malaysian Employer's Federation & various other employer associations to **keep employers & employees abreast with the latest updates and changes in EPF.**
- **Market & promote** e-services to employers.
(e-payment & e-submission)





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SPEEDY AND ACCURATE ENFORCEMENT ACTION

Supported & made possible by :

ems
enforcement management system

- Recently launched on 4th of August 2008
- State of the art 'features and facilities'



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SPEEDY AND ACCURATE ENFORCEMENT ACTION

LAUNCHED 04.08.08

New Paradigm web based

ems enforcement management system

Kumpulan Wang Simpanan Pekerja
Enforcement Management System

EMS - Enforcement Management System: Powered By eTouchpoint™

Microsoft Internet Explorer
http://oman/Collection_U1_new/index.aspx?from=login&new=
File Edit View Favorites Tools Help
Back Forward Stop Home
Address http://oman/Collection_U1_new/index.aspx?from=login&new=
Search Favorites
English English Bahasa Malaysia
Date: 12/03/2008 Logout Hide App. Bar Calculator View Profile: SHAMSUL HAIRI MOHD SOM
Statistics Work Scheduler Legal
welcome to
Employer Search
Employer Search
Assignment (621)
Form E
Employer Search
Assignment (296)
Worklist (6)
Assignment (9)
New: 611
Exit: 406
In: 105
Worklist: 6
Rejected: 1
Alerts: 195
Pending Approval: 0
Approved: 2
Notes: 0
Message
EMS - Enforcement Management System: Powered By eTouchpoint™

Enforcement In Relation To 2008 Budget - Edited By: Administrator - HO on 2007-09-07 06:29:00 PM
The new budget presented by the Finance Minister on 7 September 2007, it was announced that the EPF members would be able to withdraw from their Account II to assist in the payment of their monthly housing loan installments. This is an additional facility to further improve the EPF services. All current housing withdrawals are still available for the members. Applications for this new withdrawal facility will be accepted beginning January 2008 onwards.

EPF Contributions: Defaulting Employers Face The Music - Edited By: Administrator - HO on 2007-09-07 06:26:01 PM
Two hundred and eighty six employers were fined a total of RM684,780 by the court from January to June 2007 for defaulting on their employees' contributions to the Employees Provident Fund (EPF). The fines ranging from RM1,000 to RM6,000 were for offences under Section 43(2) of the EPF Act 1991.



Employer

Kumpulan Wang Simpanan Pekerja (KWSP)

EPF Employee No.

or Employer Name

Search

Recent Screen

Assignment (722)

ENFORCEMENT MANAGEMENT SYSTEM FEATURES

- DYNAMIC, COMPREHENSIVE, INTERGRATED AND INTERACTIVE
- BETTER USABILITY AND NAVIGATION
- ALERTS FOR OVERDUE ACTION AND MONITORING

KWSP Announcements

■ **Start Date of UAT** - Edited By: administrator on 2007-05-03 09:16:25 AM
UAT Cycle 1 to start from 3/5/2007 and end on 31/5/2007 UAT Cycle 2 to start from 4/6/2007 to 7/7/2007

■ **Declaration of Dividend** - Edited By: Anson on 2007-02-12 03:16:07 PM
Dividend of 5.0 % will be paid out on..... Total amount is.....

■ **Flood** - Edited By: Anson on 2006-12-27 03:00:33 PM
Flood in KL. Please beware.

■ **SIT starts on 11 December 2006** - Edited By: Anson on 2006-12-27 02:57:29 PM
Be prepared. SIT starts on 11 December 2006

[MORE...](#)



Assignment

Classification Segmentation Trigger Type Employer Number Employer Status Case Status

ALTERNATE VIEW SEARCH

Case No	Emp No	Employer Name	Employer Status	Case Status	Classification	Segmentation	Amount	Trigger Type	Date	DIA	Trigger
20070401398236	15844817	ATP DEMIC	Active	1	Default	Small Debtor	12.00	0.00	New	48	No Pymt Form A
20070401152933	11872816	SUPER ACTIVE AGENCY	Active	1	Default	Big Debtor	2,647.00	0.00	New	48	No Pymt Form A
20070401007395	790818	CO.,(K.L.) SDN BHD	Active	1	Default	Big Debtor	47,764.00	0.00	New	17	No Pymt Form A
20070401165246	12174802	TRAINING & CONSULTANCY	Active	1	Default	Big Debtor	748.00	0.00	New	48	No Pymt Form A
20070401059698	5919	ABDULLAH	Active	1	Default	Big Debtor	47,764.00	0.00	New	17	No Pymt Form A
20070401392127	15781823	INTEGRATED SDN BHD	Active	1	Default	Big Debtor	0.00	0.00	New	78	No Pymt Form A
20070401073338	6334792	ABRAZ ARKITEK	Active	1	Default	Big Debtor	7,755.00	0.00	New	17	No Pymt Form A
20070401390058	15760826	ABSOLUTE COMPUTER SOLUTION	Active	1	Default	Small Debtor	12.00	0.00	New	137	No Pymt Form A
20070401061403	5976790	ACA PACIFIC TECHNOLOGY	Active	1	Default	Big Debtor	40,442.00	0.00	New	48	No Pymt Form A

- DETECTION OF DEFAULTING AND NON-COMPLIANCE EMPLOYERS

- ASSIGNMENT BASED ON CLASSIFICATION, SEGMENTATION AND TRIGGER TYPE

- SEGREGATION OF DEFAULTING EMPLOYER BY AMOUNT OUTSTANDING, AGING AND CASE STATUS

**11872816 A-THIRU`S SUPER ACTIVE AGENCY (Case : 20070401152933)****Business Add** 23C JLN PETALING UTAMA 6,
JLN KLANG LAMA,
46000 P.JAYA.**Branch** Jalan Gasing
Commence Liability 06/1997
Cease Liability
Status 1 - Active**Postcode****City****State****Country****Sector** 939 - PERKHIDMATAN SOSIAL DAN BERKAITAN KOMUNITI YANG**Effective Date** 2001

HOLISTIC VIEW OF ALL EMPLOYER INFORMATION AND INTERACTIONS

INTEGRATED SYSTEM WITH OTHER MODULES

[Detail](#) | [Item List](#) | [Form E](#) | [Due Month Details](#) | [Instalment](#) | [Penalty](#) | [Interest Reduction/Dividend](#) | [Dishonoured Cheque](#) | [Post Dated CHQ](#) | [Approval Hist](#) | [Corr Hist](#) | [Case Reassign Hist](#)[Action List](#)[case details](#)**Case Status** Active**Branch** Jalan Gasing**Account Tagging****Eligible for Invocation****Segment Code** Big Debtor**Aging Months** 4**Classification Code** Default**Aging Days** 143**assessment details****Last Assessment Date****Start Due Month****End Due Month****Total Assessment Amount** 0.00

**11872816 A-THIRU`S SUPER ACTIVE AGENCY (Case : 20070401152933)****Business Add** 23C JLN PETALING UTAMA 6,
JLN KLANG LAMA,
46000 P. JAYA**Branch** Jalan Gasing
Commence Liability 06/1997**Cease Liability****Postcode**
City
State
Country

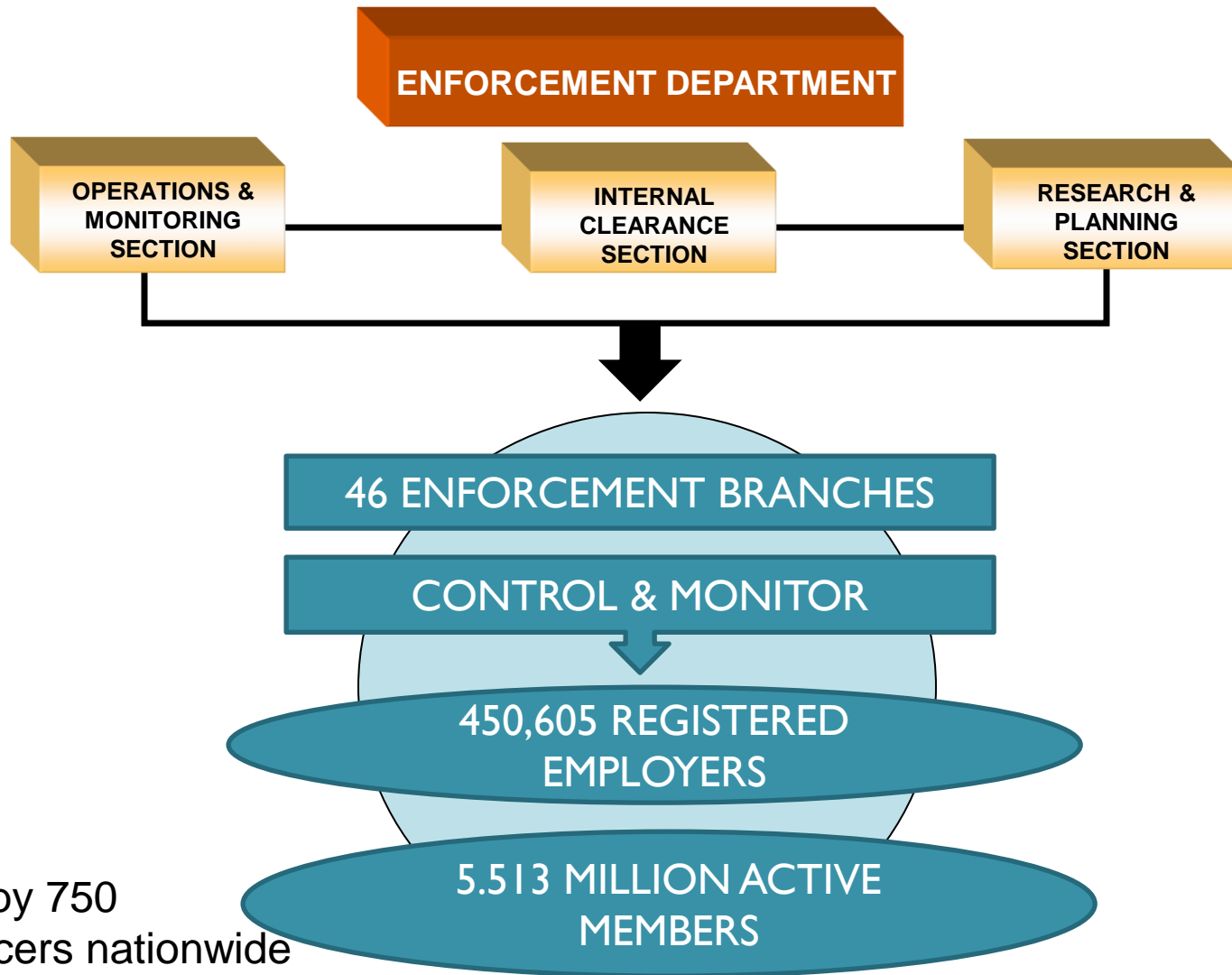
INVESTIGATION REPORT MADE EASY

- ON LINE REPORTING
- ONLINE SUBMISSION
- ONLINE APPROVAL

Action - Report UnSettled (Investigation Pending)**Action Status** Pending**Your Reference NO.****Date Status Change****Total Number of Inspection****Date Investigation Started** 19/06/2007**Date Investigation Completed** 19/06/2007**No. Employee****Date Report Completed** 19/06/2007**Interviewee 1****Designation****Interviewee 2****Designation****Interviewee 3****Designation****Report**



ENFORCEMENT DEPARTMENT STRUCTURE



Complemented by 750
enforcement officers nationwide

LOCATION OF THE 46 ENFORCEMENT BRANCHES



ACHIEVEMENTS FOR THE YEAR 2008

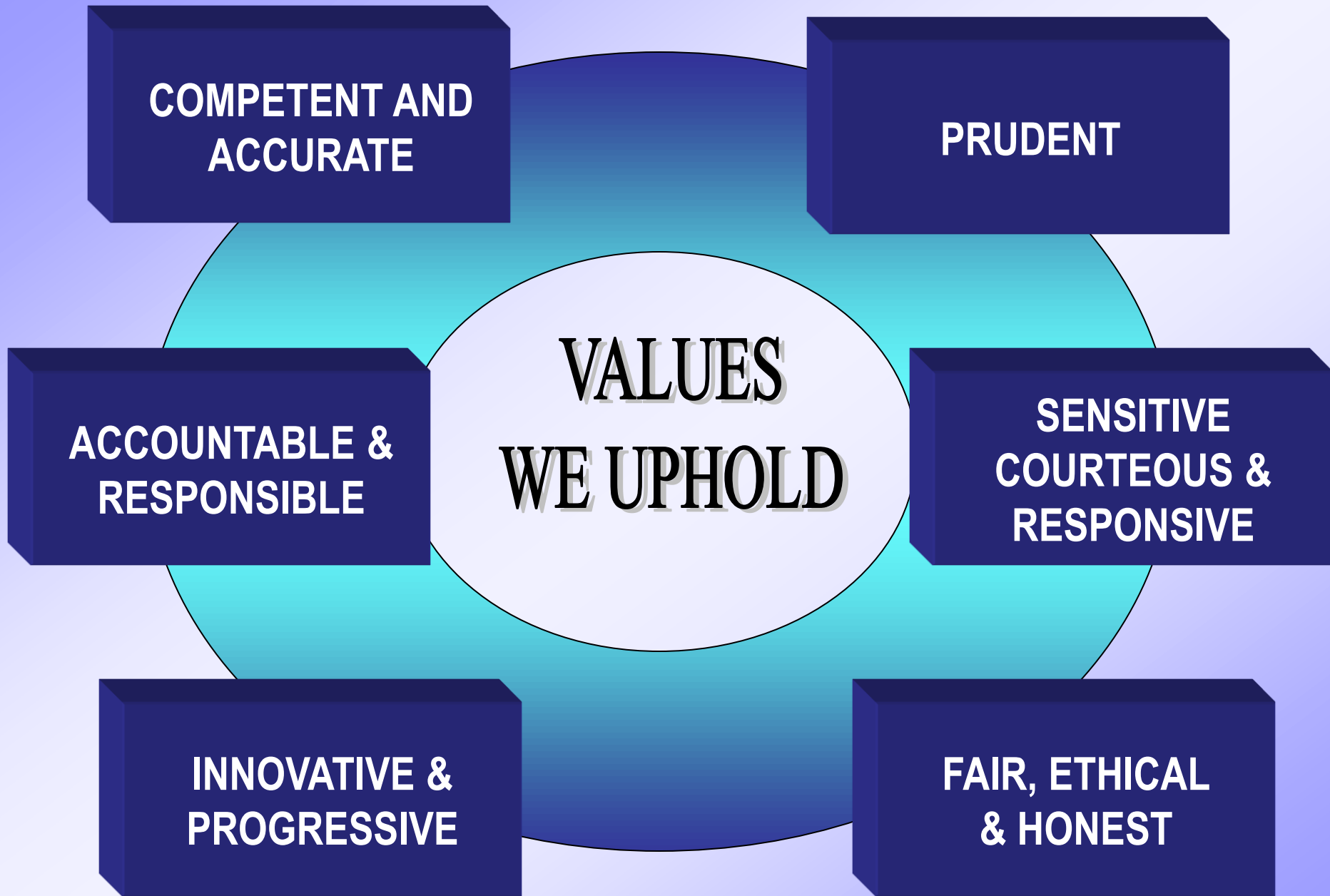
Contd

ITEM	STATUS
DEFAULT RATE	2.05% (9,223 out of 450,605 employers)
ENFORCEMENT ACTION TAKEN	95% Action taken against errant employers within 30 days from date of default trigger
EMPLOYEES COVERAGE	92.8% (of 5.5m liable employees)
RECOVERY OF CONTRIBUTION	USD 438.35 MILLION



ACHIEVEMENTS FOR THE YEAR 2008

ITEM	STATUS
COLLECTION OF INTEREST (for late payments)	USD 5.23 MILLION
COLLECTION OF DIVIDENDS (for late payments)	USD 6.13 MILLION
NO.OF PROSECUTION CASES FILED	26,170
NO.OF CIVIL CASES FILED	7,585





THANK YOU



CIVIL ACTION CASES 2006 - 2008

YEAR	NUMBER OF EMPLOYERS	NIMBER OF DIRECTORS INVOLVED	AMOUNT RECOVERED (USD)
2006	6,030	18,090	10,232,952
2007	7,124	21,372	6,088,748
2008	7,585	22,755	6,532,240
TOTAL	20,739	62,217	22,853,940

Section 46

Joint and several liability of directors / partners



RESTRICTED FROM LEAVING MALAYSIA

2002 - 2008


NO.OF DIRECTORS	AMOUNT RECOVERED
5,445	USD 7.12 MILLION

Section 39(b)

Restriction to leave the country

STATISTICS 2008

AREA & COMPLIANCE SCREENING INSPECTION



NO.OF EMPLOYERS VISITED	%	STATUS
24,743	58.67 %	REGISTERED & PAYMENT IN ORDER
13,067	30.98 %	NOT LIABLE TO CONTRIBUTE
4,387	10.35 %	LIABLE TO CONTRIBUTE BUT FAILED TO REGISTER AND PAY