May 2023

APAC payroll newsletter

The APAC payroll newsletter helps to provide important updates on upcoming changes and amendments to payroll regulations for 2023 to assist with payroll compliance across APAC.

Global payroll services

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.

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Australia

Updates

Fair Work amendments

- The Secure Jobs, Better Pay amendments to the Fair Work Act will progressively be implemented throughout 2023, with some amendments having already commenced and others commencing on 6 March 2023. Further updates will be provided as new amendments become operative throughout the year.
- On 7 December 2022 the following amendments commenced:
  - The objectives of the Fair Work Act (the Act), were amended to include job security and pay equality.
  - An equal remuneration provision was added to the Act to facilitate the varying of Modern Award for work value reasons.
  - Pay secrecy provisions commenced.
  - The anti-discrimination provisions were amended to include breastfeeding, gender identity and intersex status.
  - Changes to applications to terminate enterprise bargaining agreements commenced.
  - Changes to the process for initiating enterprise bargaining commenced.
  - The powers of the Fair Work Commission to deal with errors in enterprise agreements commenced.

  Many of the above changes are procedural and are unlikely to impact on the day-to-day management of a business. However, this is not the case for pay secrecy or the anti-discrimination provisions.
- Pay Secrecy
  - It is now a workplace right for employees to be able to ask one another about and to disclose (or choose not to disclose) their remuneration and other conditions of their employment which are reasonably necessary to determine remuneration outcomes such as hours of work.
  - Employers must not enter into a contract of employment that requires an employee to maintain secrecy about their pay and conditions. If employers already have such provisions in existing contracts of employment or in an industrial instrument, for example as an Enterprise Bargaining Agreement, these provisions no longer have any effect.

  - Employers must not tell employees that they need to keep their pay and conditions secret. If an employee chooses to disclose this information any punitive action taken by an employer would be "adverse action" for the purposes of the General Protections provisions of the Act.
  - It is not necessary to amend old contracts of employment, as any secrecy terms no longer have any effect, but no new contracts of employment should include such provisions.
- Anti-discrimination
  - Employers should review their policies and training to ensure that they are updated to include the newly added attributes of breastfeeding, gender identity and intersex status. We would also recommend that employers review any current workplace practices which may result in discrimination on the basis of the new attributes.
- Enterprise Bargaining
  - There are technical changes to the termination of Enterprise Agreements, the process for commencing bargaining for new Agreements and the jurisdiction of the Fair Work Commission to deal with errors in Agreements. We expect that there will be greater guidance provided by the Fair Work Commission on the practical application of these provisions in the near future.
- On 6 March 2023 the following amendments commence:
  - Provision prohibiting sexual harassment in connection with work.
  - The establishment of Expert Panels relating to pay equity and the care and community sector.
  - The Fair Work Commission absorbs the functions of the Registered Organisations Commission.
- Sexual harassment in connection with work
  - The extended jurisdiction in relation to sexual harassment creates a substantive obligation on employers to do everything reasonably possible to ensure that sexual harassment does not occur in connection with work. Employers as an absolute minimum need to ensure that their sexual harassment policy is comprehensive and up to date. Further, it is not going to be enough to have a policy, no matter how impressive the policy is, employers must also be providing training to their employees on what may constitute sexual harassment at work and have an effective mechanism to sensitively and appropriately manage events if they arise.
  - The Fair Work Commission currently has the jurisdiction to issue "stop sexual harassment orders", however from 6 March 2023 this jurisdiction will be extended and will include the ability to issue an order for payment of compensation, payment in relation to lost remuneration, or to carry out a course of conduct to redress loss or damage suffered by the aggrieved person. The Commission may also express an opinion, including that the respondent has sexually harassed the aggrieved person or that the employer has contravened the Act, by virtue of vicarious liability.
  - An employer can be found to be vicariously liable for sexual harassment perpetrated by their employee or agent, except where they can prove that they took all reasonable steps to prevent the employee or agent from contravening the relevant provision. Employers without a comprehensive policy and the ability to show appropriate training was provided will struggle to

demonstrate that they have taken all reasonable steps to avoid vicarious liability if there is an incident of sexual harassment in connection with work. The Full Federal Court has provided guidance in this regard when it relevantly said: *"The word "all" is significant. It is not enough for the employer to demonstrate that it took some of the reasonable steps available to prevent the employee from doing the unlawful act".*

  - Further, employers are encouraged to ensure that their managers have the skills and resources to effectively respond to incidents should they arise. Larger employers are encouraged to implement 'contact officers' who have additional training and expertise.
  - Further amendments will commence on 6 June 2023 including in relation to flexible work requests and requests for extension of unpaid parental leave.

- Mazars in Australia recently hosted a webinar titled "Changes to the Fair Work Act that will impact your business. Is your business ready?" The webinar aimed to educate employers about the recent changes to the Fair Work Act and the impact these changes may have on their business. By taking proactive compliance measures and seeking professional advice, employers can ensure compliance and avoid potential legal and financial risks.

Government announces plans for $3 million superannuation cap

- After speculation that changes to the superannuation rules could form part of the upcoming Federal Budget, the Government has made a pre-emptive announcement that they will look to introduce a new 'cap' for super. The new cap, which is proposed to commence from 1 July 2025 will limit the tax concessions available to those with a superannuation balance above $3 million.
- Under the current system there is no limit on the amount of money that can be held in a superannuation account and contributions as well as earnings are taxed at a maximum concessional rate of 15%. From 1 July 2025, it is proposed that earnings on accumulation balances greater than $3 million will be taxed at a higher rate of 30%, creating a two tiered tax system.
- At present, there is limited information as to how this will be implemented, leaving many with questions as to how the proposal will work in practice. The Government have indicated that they will undertake targeted consultation on implementation of the proposals between now and the Federal Budget in May 2023. Draft legislation will follow, and the measure will then form part of the policy proposals that are taken by the Government to the next Federal election.

The ATO's new work from home deduction rules – practical or onerous?

- The ATO have announced changes which will impact taxpayers who claim the "Working From Home" (WFH) deductions under the "fixed rate" method, applicable from 1 July 2022 in their 2022-23 income tax returns.
- The significant changes announced as part of the new ATO guidelines in PCG 2023/1 are as follows:
  - The cents per work hour has increased from 52 cents to 67 cents.
  - Taxpayers will be required to keep records of the actual hours worked from home, commencing from 1 March 2023. The ATO will not accept estimates or a representative 4

week diary or similar documents from 1 March 2023, with the period between 1 July 2022 to 28 February 2023 being acceptable.

- The revised fixed rate method can only be used by taxpayers who are actually working from home to fulfil their employment duties. The carrying out of minimal tasks, like checking of emails or taking calls will not satisfy the criteria of working from home.
- Records of hours worked from home can be in any form provided they are kept as they occur, for example, timesheets, rosters, logs of time spent accessing employer or business systems, or a diary for the full year.
- The revised fixed rate does not require taxpayers to have a dedicated home office area.
- The revised rate of 67 cents per work hour covers energy expenses (electricity and gas), phone usage mobile and home), internet, stationery, and computer consumables. No additional deductions for any of these expenses covered by the rate can be claimed if you use this method. However, the following expenses can be an additional claim since they are not incorporated in the 67 cents rate:
  1. The decline in value of assets (depreciation) used while working from home, such as computers and office furniture.
  2. The repairs and maintenance of these assets.
  3. The costs associated with cleaning a dedicated home office.

- Records must be kept for each expense taxpayers have incurred which is claimed under the fixed rate per hour (for example, if taxpayers use their phone and electricity when working from home, they must keep one bill for each of these expenses).

Payroll Tax for Medical Centres – An Uncertain Prognosis

- Until last week, the payroll tax prognosis for medical centres seemed to have some clarity. The Revenue Offices in both NSW and Queensland seemed to have settled on policies that payments made by medical centres to health practitioners were subject to payroll tax in qualifying circumstances. However, a segment in an ABC Radio news program in Brisbane last week has left that status in doubt.
- ABC News reported last week that the Queensland and NSW Governments were in discussions about giving medical centres a payroll tax grace period. The Queensland Government is planning to make an announcement that there will be a deferral of implementation of the payroll tax compliance obligations that certain medical centres have. Medical centres would need to apply for the proposed "amnesty" and, at the time of writing, the suggested announcement has not been forthcoming.

New flexible work arrangements and your obligations

- Employers have to make a genuine effort to accommodate an employee's request for flexible work arrangements. That's one of the new rules to take effect on 6 June 2023, following changes to the Fair Work Legislation. The changes also mean more employees will have the opportunity to request flexibility in the workplace.

- Mazars in Australia has released a podcast titled "New Flexible Work Arrangements: Your Obligations." This podcast aims to inform employers about the legal and regulatory obligations that come with implementing flexible work arrangements.

For more information, go to:

- **Mazars in Australia** website
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China

Updates

The extension of the preferential policy for individual income tax

- On 16 January 2023, the State Administration of Taxation (SAT) announced the tax preferential policy for individual income tax aiming at the equity incentives will be extended to 31 December 2023.
- Application scope - Equity incentives
  - Mainly including stock options, stock appreciation rights, restricted stocks and equity rewards.
  - Resident individual: the equity incentives shall be separately taxed on the basis of the full amount.
  - Non-Resident individual: the equity incentives shall be amortized in six months for tax calculation, without deductions.
- Point of attention
  - To enjoy this preferential policy, the Company shall apply for registration with local tax bureau (assuming employees are China tax resident individuals).
  - The previous announcement from SAT regarding the preferential tax rate on Annual One Lump Sum Bonuses (link here for reference) still applied until end of December 2023.

Y2022 Individual Income Final Settlement

- According to the notice No.3 Year 2023 announced by State Taxation Administration of PRC on 2 February, the individual resident taxpayers (居民纳税个人) could handle the 2022 final settlement of his/her individual income through APP, website or on-site submission from 1 March to 30 June 2023. Please kindly inform your employees of the below.
- Resident Individual who Need to Handle the 2022 Final Settlement
  1. The individual who would apply for the tax refund due to the amount of individual income tax that has been prepaid by the taxpayer is greater than the amount of payable individual income tax for the year 2022.
  2. The individual who has received for the year 2022 exceeds CNY120,000 and the amount of overdue tax paid by him or her for the 2022 final settlement exceeds CNY400.

  *The foreigners who are considered as the resident of China, according to Chinese tax law, are required to proceed with the 2022 Final Settlement if falling into the above condition.

- Incomes to be Declared:
  1. Income from salaries and wages.
  2. Income from remuneration for personal services, such as doing part time job.
  3. Income from author’s remuneration.
  4. Income from royalties.
- Handling Time
  - It shall be submitted to the local tax authority by 30 June 2023.
- Handling Methods
  1. The individual could handle the Final Settlement independently.
  2. Request an agent to handle the Final Settlement on the taxpayer’s behalf.
- If the employee does not confirm with the Company in written or via email/WeChat to handle the annual final settlement on his behalf by 30 April, the Company shall not handle the annual final settlement for the employee.

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- **Mazars in China** website

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Hong Kong

Updates

Repeal of provisions relating to Covid-19 vaccination under Employment Ordinance

- The Labour Department announced on 12 April 2023 that the provisions related to legitimate Covid-19 vaccination requests under Employment (Amendment) Ordinance 2022 will be repealed on 16 June 2023.
- These provisions were part of the Government's anti-epidemic measures which took effect on 17 June last year and stipulated that employees can be terminated if they fail to comply with a legitimate Covid-19 vaccination request made by their employer.
- This Amendment had a sunset clause. With the removal of the statutory Vaccine Pass requirement by the Government earlier and vaccination no longer being a matter of grave public health concern, the Government decided to repeal these provisions. Any prior legitimate vaccination request made by an employer will become invalid from 16 June 2023 onwards.

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India

Updates

Provisions in the Indian Union Budget 2023-24 affecting payroll calculations

- The main provisions in the Union Budget, 2023-24, affecting the calculation of Income-tax on salaries are summarized below.
- Tax Rates for Individuals (and HUFs)
  - Finance Act 2020 has introduced Section 115BAC which allows an individual or a HUF, to opt for the alternate taxation regime subject to fulfilment of certain conditions. Thus, the assessee can either continue with the original regime or opt for the new tax regime u/s 115BAC. Tax rates specified in new regime are applicable up to AY 2023-24.

Total income	Tax rates (Under new tax regime)	Tax rate* (Under old tax regime)	Savings (%)	Quantum
Up to Rs.2,50,000	Nil	Nil	Nil	Nil
Rs. 2,50,001 to Rs. 5,00,000	5%	5%	Nil	Nil
Rs. 5,00,001 to Rs. 7,50,000	10%	20%	10%	25,000
Rs. 7,50,001 to Rs.10,00,000	15%	20%	5%	12,500
Rs.10,00,001 to Rs.12,50,000	20%	30%	10%	25,000
Rs.12,50,001 to Rs.15,00,000	25%	30%	5%	12,500
Above Rs.15,00,000	30%	30%	Nil	Nil
Total savings				**75,000**

**Slab Rates for individuals <60 years of age*

- List of Exemptions/Deductions that can’t be availed by those who opt for the new regime.
  - Leave Travel Concession – Section 10(5).
  - House Rent Allowance – Section 10(13A).
  - Conveyance allowance – Section 10(14).
  - Clubbed income of Minor up to Rs.1,500 – Section 10(32).
  - Standard Deduction of Rs.50,000 (on salary) – Section 16 [Removed vide Finance Bill, 2023 w.e.f . AY 2024 25].

- Professional tax deducted from salary of Rs.2,500 – Section 16.
- Maximum deduction of Rs. 2,00,000 on interest payable towards a housing loan for vacant or self-occupied property – Section 24. [One can claim interest deduction in respect of rented out property under the new scheme.].
- Set off loss under the head income from house property against other heads – Section 71.
- Additional depreciation – Section 32(1)(iia).
- Standard Deduction of Rs.15,000 from family pension – Section 57(iia) [Removed vide Finance Bill, 2023 w.e.f. AY 2024 25].
- Deduction under chapter VI-A – such as section 80C, 80D, 80TTA, 80TTB, 80G, etc.
- Exemption in respect of food and beverages to employees up to Rs.50/ per meal – Rule 3(7)(iii).
- Exemption in respect of gifts to employees up to Rs.5,000 – Rule 3(7)(iv).
- Without setting-off loss of previous years if such losses are on account of above deductions.

- Opting for the new regime

Particulars	Assessee engaged in Business / profession	Assessee not engaged in business / profession
Option to opt for the new regime (AY 23-24) / old regime (AY 24-25 onwards) available year-on-year	No	Yes
Withdrawal of option to opt for new regime (AY 23-24) / old regime (AY 24-25 onwards)	Allowed only once. Thereafter, option not allowed to be re opted till the existence of business / profession	Allowed on a year-on-year basis

- Application for exercise / withdrawal of option: The individuals and HUF are required to file form 10-IE to opt-in or opt out the new tax regime.
- One can opt for new regime only if form 10 IE and Income-tax Return is filed on or before 31 July.
- If an individual avails deduction up to Rs.300,000 (Rs.250,000 for AY 23-24) then the new regime seems beneficial, however, if the individual claims deduction more than Rs.300,000 (Rs.250,000 for AY 23-24) then old tax regime seems favourable. However, one should always compare.
- Individuals investing in a house or those paying rents especially in metro cities are likely to be better off under the existing scheme and claim HRA exemption or deduction for interest on housing loan etc. Similarly, those individuals in higher income brackets would be better served by taking benefits of the various exemptions and deductions and bring down their net tax liability.

  - Under the new regime, there are no higher thresholds for senior and very senior citizens.
  - The new scheme does not impact special tax rates like STCG/ LTCG u/s. 111A, 112A and 112, etc.
- Surcharge & Rebate under section 87a
  - Surcharge:
    - Finance Bill, 2023 has proposed to reduce the surcharge on income above Rs.2 crore from 37% to 25% under the new Regime.
    - Accordingly, under new Regime effective tax rate in respect of Income above Rs.2 crores is reduced from 43% to 39%.
  - Rebate u/s. 87A:
    - The Finance Bill, 2023 has proposed to increase the limit of Rebate under section 87A from Rs.5 lakhs to Rs.7 lakhs in respect of assessee's paying tax under new Regime.
    - In addition to an enhanced rebate limit, as highlighted above, the assessee would be also able to claim the following deductions;

      a) If such assessee is a salaried individual: standard deduction of Rs.50,000/-, and

      b) 33.33% of family pension received or Rs.15,000/- whichever is lower.
    - These amendments will be effective from Assessment Year 2024-25.
  - No Tax is payable in case income is up to Rs 7 50 000 From AY 2024-25 onward:
    - Old regime
      - Tax is not payable under old regime if a salaried employee claims deduction u/s. 80C of Rs.1,50,000/- Invests in NPS u/s. 80CCD(1B) Rs.50,000/- and health insurance premium u/s. 80D of Rs.25,000/- and standard deduction of Rs.50,000/-.
    - New regime
      - Employee is eligible for standard deduction of Rs.50,000 Further, rebate u/s. 87A is available for income up to Rs.7,00,000.
    - Other provisions of the Budget with a bearing on payroll
      - Rationalisation of provisions for valuation of rent-free residential accommodation or value of any concession in the matter of rent provided to employees as perquisites through prescribed rule 3 of the Income tax Rules 1962.
      - Leave encashment exemption limit announced to increase from existing Rs.3,00,000 to Rs.25,00,000 (not yet incorporated in the formal document).

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Indonesia

No updates

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Japan

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Korea

Updates

Adjustment in National Pension base salary (effective from July 2023)

- National Pension base salary will be adjusted based on 2022 total salary reported as a result of year-end tax settlement, and the premium will also change.
- Upper/lower limit of National Pension base salary will change as below table. It will also apply to those who have already signed up.

NP base salary	Jul 2022 - Jun 2023	Jul 2023 - Jun 2024
Lower limit	KRW 350,000	KRW 370,000
Upper limit	KRW 5,530,000	KRW 5,900,000

Adjustment in Health Insurance base salary and year-end settlement (effective from Apr 2023)

- Health Insurance base salary has been adjusted based on 2022 total salary and the premium has also changed.
- Year-end settlement: Health Insurance have been settled based on 2022 total salary. Initially, it was announced that the additional amount could be paid in 5 instalments, but in order to alleviate the public burden caused by Covid-19 and inflation, it was finally decided to allow up to 10 instalments if the additional insurance premium is over KRW 9,890.

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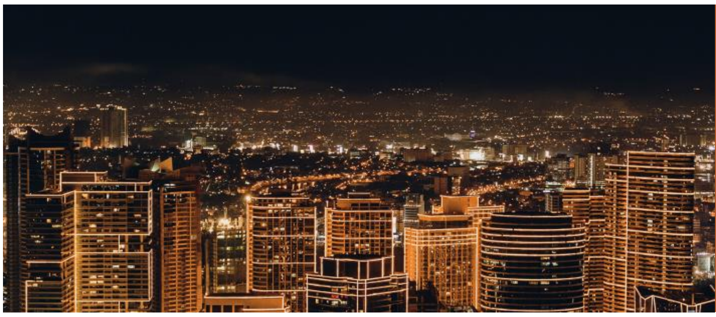

Philippines

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Singapore

Updates

New Complementarity Assessment Framework (COMPASS) for Employment Pass applications

- The Singapore government has introduced a new points-based Complementarity Assessment (COMPASS) framework to evaluate Employment Pass (EP) applicants.
- EP applicants generally take on the positions of professionals, managers, executives and technicians (PMET) in Singapore.
- According to the Ministry of Manpower (MoM), COMPASS enables employers to hire high-quality foreign professionals, while enhancing workforce diversity and building a strong Singaporean core.
- EP candidates must pass a two-stage eligibility framework. In addition to meeting the qualifying salary (Stage 1), EP candidates must now pass the points-based COMPASS (Stage 2).
- Under COMPASS, applicants will need to score at least 40 points which will consider several employee and employer-related criteria such as the salary level and qualifications of the applicant, as well as levels of nationality diversity and support for local employment by the employer.
- The government will apply the COMPASS evaluation in addition to the standard requirement under which applicants must meet the minimum qualifying salary for EP applications.
- COMPASS will apply to new candidates starting from 1 September 2023, and applicable to renewals from 1 September 2024.
- What is the evaluation process for COMPASS?
  - Under COMPASS, EP applications will be evaluated based on a comprehensive set of individual and firm-related attributes.
  - Applications earn points on four foundational criteria if they meet or exceed expectations. Additionally, they can earn points from two bonus criteria. An applicant is required to score 40 points in order to pass COMPASS.

Criteria	Individual attributes	Firm-related attributes
Foundational criteria	C1. Salary Relative to local PMET salary norms for the sector	C3. Diversity Whether candidate improves nationality diversity in the firm

	C2. Qualifications Based on the candidate's qualifications	C4. Support for local employment Based on local PMET share relative to industry peers
Bonus criteria	C. Skills bonus (Shortage Occupation List) For candidates in jobs where skills shortages exist	C6. Strategic economic priorities bonus For partnership with the Government on ambitious innovation or internationalisation activities

Source: Ministry of Manpower

Points for each criterion	Assessment
20	Exceeds expectations
10	Meets expectations
0	Does not meet expectations

Source: Ministry of Manpower

- Key information about the COMPASS eligibility criteria
  - Salary:
    - Candidates must fulfil the qualifying salary, which increases with age and varies according to sector. Points are earned by meeting sector-specific benchmarks for local PMET salaries. For example, candidates with a salary that is equal to or exceed the 90th percentile of local PMET salaries in the sector will score 20 points for the Salary criterion.
  - Qualifications:
    - To earn points on this criterion, candidates are required to hold academic qualifications from accredited institutions. A qualification from a top-tier institution earns the maximum points (20) while a degree-equivalent qualification earns 10 points.
    - Candidates without degree-equivalent qualifications can still pass COMPASS by earning points on other criteria.
  - Diversity:
    - More points will be given to applications where the candidate’s nationality forms a small share of the firm’s PMET employees. The firm can score the maximum 20 points if the proportion of its employees with the same nationality as the candidate is less than 5 per cent.
    - A candidate will score 10 points if the proportion is between 5 and 25 per cent, and no points if the proportion is more than 25 per cent.
    - However, an application scores 10 points by default if the firm employs fewer than 25 PMET employees. This is to not penalise smaller firms with fewer PMETs.

- Support for local employment:
  - COMPASS recognises employers' efforts to build up a strong local pipeline. A firm with a relatively higher share of locals among PMET employees compared to its peers in the same subsector will earn a higher score.
  - If a firm's percentage of local PMET employees is at least 70%, the application will score 10 points regardless of where the firm stands within their subsector.
  - Similar to the criterion above, an application earns 10 points by default if the firm employs fewer than 25 PMET employees.
- Skills bonus (Shortage Occupation List):
  - According to MOM, companies will require access to skilled talent as Singapore moves to capture new economic opportunities.
  - The Shortage Occupation List (SOL) recognises EP holders in occupations requiring highly specialised skills that are currently in shortage in the local workforce. To be released by March 2023, the SOL is determined by a robust tripartite evaluation process that takes into account quantitative evidence of labour shortage and local workforce development efforts.
  - Candidates will earn 20 points if their job are in the list. However, it will be reduced to 10 points if the share of candidate's nationality among the firm's PMETs is one-third or higher.
- Strategic economic priorities bonus:
  - COMPASS values companies that are undertaking ambitious innovation or internationalisation activities in partnership with the Government.
  - An application will earn an additional 10 points if the firm participate in selected programmes run by government agencies, or meet specific criteria, and demonstrate commitment to developing the local workforce.

- Who is exempted from COMPASS?
  - A candidate is exempted from COMPASS if they meet any of these conditions:
    - Earning at least $22,500 fixed monthly salary (similar to the Fair Consideration Framework job advertising exemption from 1 September 2023).
    - Applying as an overseas intra-corporate transferee under the World Trade Organisation's General Agreement on Trade in Services or an applicable Free Trade Agreement that Singapore is party to.
    - Filling a role on a short-term basis, i.e. 1 month or less.
- Pre-Assessment Tool (PAT)
  - Come September 2023, employers will be able to get an indicative COMPASS score for their prospective EP candidate through the Pre-Assessment Tool (PAT) before submitting an application. PAT will offer insights on how an applicant is likely to score on each of the COMPASS criterion.

- More details

Details	Timeline for release
Additional information on foundational criteria, including: • Indicative sectoral salary benchmarks (C1) • Company's performance on firm-related attributes (C3 and C4)	Released December 2022
Additional information on bonus criteria, including: • Occupations on the Shortage Occupation List (C5) • Programmes and eligibility criteria for the Strategic Economic Priorities bonus (C6)	Released March 2023
Pre-Assessment Tool Indicative outcome, including COMPASS score, for each EP application	September 2023

Changes to the CPF salary ceilings

- These are the changes to the CPF salary ceilings from 1 September 2023.
- The CPF monthly and annual salary ceilings have been updated periodically in the past to keep pace with rising salaries. We are updating the monthly salary ceiling now, so that the CPF system continues to remain relevant in meeting the retirement needs of the broad majority of resident employees.
- The CPF monthly salary (i.e. Ordinary Wage) ceiling will be gradually raised from $6,000 to $8,000 by 2026 for all employees. The increase will take place in four steps, as shown in the Table below, to allow employers and employees to adjust to the changes.

	CPF Ordinary Wage ceiling	CPF annual salary ceiling
Current	$6,000	$102,000 (no change)
From 1 September 2023	$6,300 (+$300)	
From 1 January 2024	$6,800 (+$500)	
From 1 January 2025	$7,400 (+$600)	
From 1 January 2026	$8,000 (+$600)	

- Employees who are earning above $6,000 will benefit from this change.
- The annual salary ceiling, which limits the total amount of Ordinary Wages and Additional Wages that attract CPF contributions, will remain at $102,000 at this juncture. It will be reviewed periodically to ensure it continues to cover the broad majority of CPF members. The CPF Annual limit will also remain at $37,740.

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Contacts

APAC regional partner
Jonathan Fryer
Partner, Outsourcing
jonathan.fryer@mazars.co.th
Tel. +66 2670 1100

Australia
Matthew Ashley
Managing Partner
matthew.ashley@mazars.com.au
Tel. +61 29922 1166

China
Thomas Chen
Partner, Outsourcing
thomas.chen@mazars.cn
Tel. +86 21 6168 1088

Hong Kong
Gilles-Alexandre Salansy
Partner, Outsourcing
gilles.salansy@mazars.hk
Tel. +852 2909 5555

India
Shavak Kapadia
Partner, Outsourcing
shavak.kapadia@mazars.co.in
Tel. +91 26 1586 200

Indonesia
Sebastien Gautier
Managing Partner
sebastien.gautier@mazars.id
Tel. +62 21 2902 6677

Japan
Celine Takizawa
Partner, Outsourcing
celine.takizawa@mazars.jp
Tel. +81 3 6823 6600

Korea
Julien Herveau
Managing Partner
julien.herveau@mazars.kr
Tel. +82 2 3438 2400

Malaysia
Yap Sim Yee
Head of Outsourcing
sim-yee.yap@mazars.my
Tel. + 60 3 2161 5222

Philippines
Jacqueline Villar
Managing Partner
jaqueline.villar@mazars.ph
Tel. +63 2 808 7940

Singapore
Justin Lim
Partner, Outsourcing
justin.lim@mazars.com.sg
Tel. +65 6 224 4022

Taiwan
Al Chang
Managing Partner
al.chang@mazars.tw
Tel. +886 2877 21877

Thailand
Jonathan Fryer
Partner, Outsourcing
jonathan.fryer@mazars.co.th
Tel. +66 2670 1100

Vietnam
Huyen Nguyen
Managing Partner
huyen.nguyen@mazars.vn
Tel. +84 28 38 24 14 93

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