



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

The logo of the Employees Provident Fund (EPF) of Malaysia is located in the top-left corner. It features a circular emblem with a yellow center containing the Malay word 'Kumpulan' in Arabic script, surrounded by a blue ring with the text 'KUMULAN WANG SIMPANAN PEKERJA'. The emblem is set against a background of red and white vertical stripes.

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)

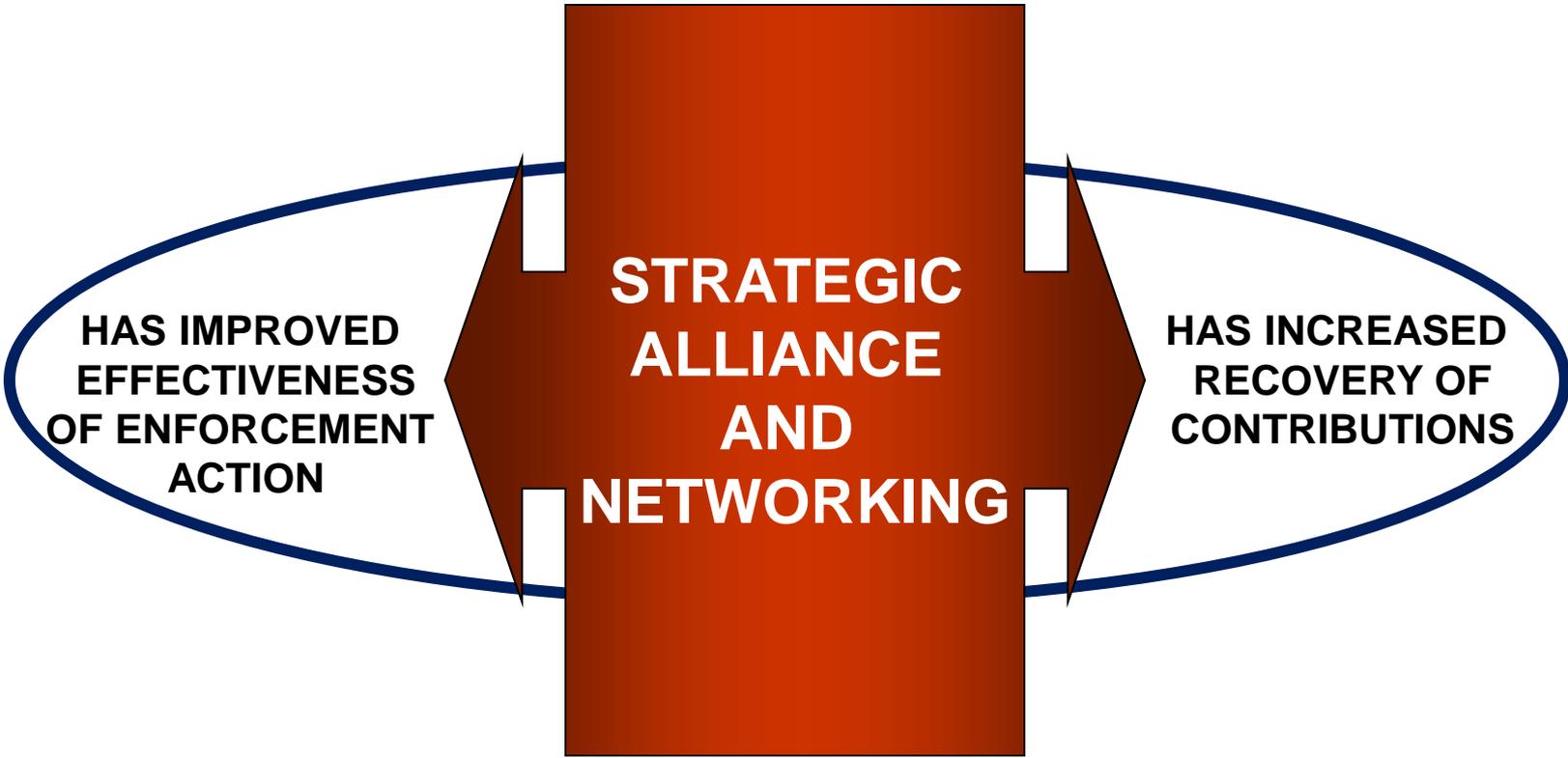


COMPANIES COMMISSION OF MALAYSIA
(Company & directors search)



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**

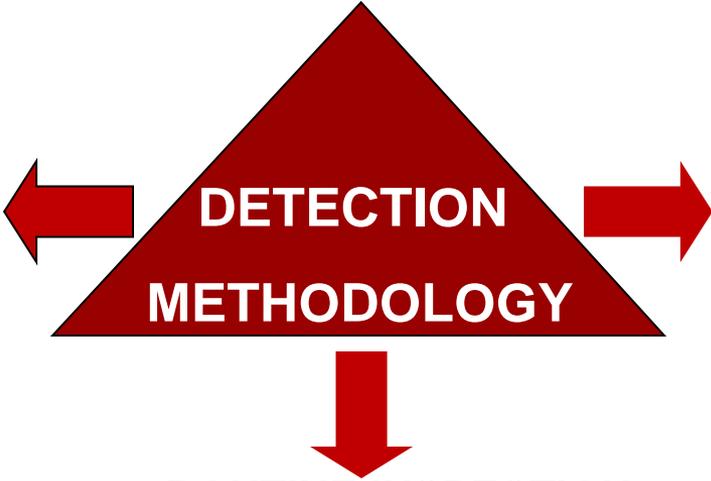


DETECTION OF DEFAULTING EMPLOYERS



SYSTEM

ems
enforcement management system



ROUTINE INSPECTION



Compliance Screening Inspection
Area Inspection



COMPLAINTS

- Counter
- Mails
- E-mails
- Telephone Calls
- Mass Media



RECOVERY OF CONTRIBUTIONS

**SPEEDY ACTION
AGAINST
DEFAULTERS**

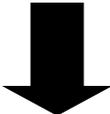
90 days cycle!



**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

ems

enforcement management system

EMS - Enforcement Management System: Powered By eTouchpoint™

Employer

Kumpulan Wang Simpanan Pekerja (KWSP)

EPF Employee No

or Employer Name

ENFORCEMENT MANAGEMENT SYSTEM FEATURES

Recent Screen

Assignment (722)

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...

Inbox

Assignment

Re-Assigned: 0 New: 722
Exit: 64 WIP: 0
Invocation Ver: 0 Abandoment Ver: 0

Action

Pending Approval: 0 Pending: 0
Approved: 0 Rejected: 0

Message

Alerts: 64 CC: 0

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

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 CPO | Approval Hist | Corr Hist | Case Reassign Hist

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

End Due Month

Start 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
Postcode		Commence Liability	06/1997
City		Cease Liability	
State		Enforcement Code	10010201 - PETALING JAYA, SELANGOR
Country			

INVESTIGATION REPORT MADE EASY

- ON LINE REPORTING
- ONLINE SUBMISSION
- ONLINE APPROVAL

Action - Report Unsettled (Investigation Pending)

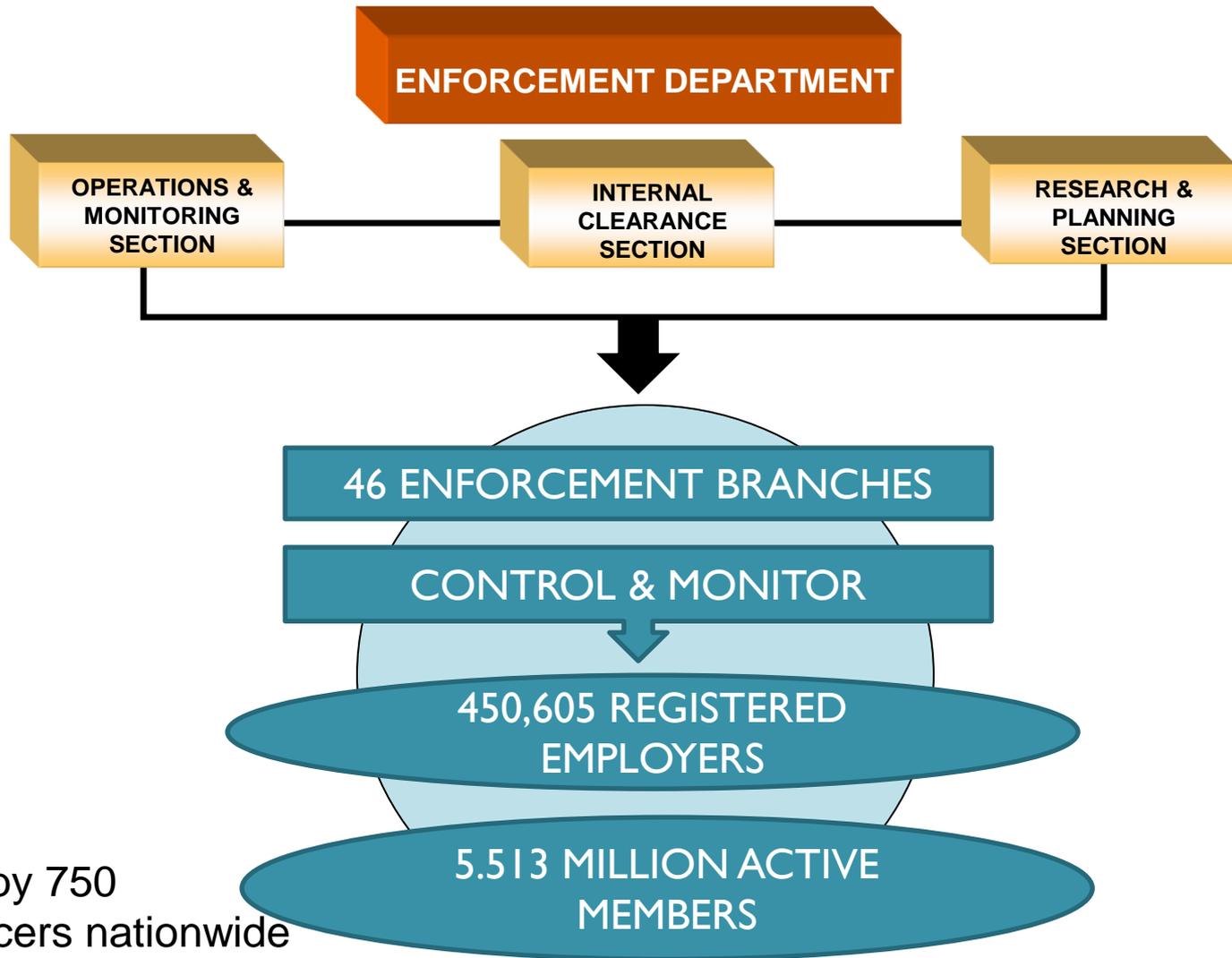
Action Status	Pending	Date Status Change	
Your Reference NO.	<input type="text"/>	Total Number of Inspection	<input type="text"/>
Date Investigation Started	19/06/2007	Date Investigation Completed	19/06/2007
No. Employee	<input type="text"/>	Date Report Completed	19/06/2007

Interviewee 1	<input type="text"/>	Designation	<input type="text"/>
Interviewee 2	<input type="text"/>	Designation	<input type="text"/>
Interviewee 3	<input type="text"/>	Designation	<input type="text"/>

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

**COMPETENT AND
ACCURATE**

PRUDENT

**VALUES
WE UPHOLD**

**ACCOUNTABLE &
RESPONSIBLE**

**SENSITIVE
COURTEOUS &
RESPONSIVE**

**INNOVATIVE &
PROGRESSIVE**

**FAIR, ETHICAL
& HONEST**



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