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## CLIENT UPDATE

### 2016 JULY

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#### LABOUR

## MEF and MLVT Set Out Fines for Labour Law Violations

On 06 June 2016, the Ministry of Labour and Vocational Training (“**MLVT**”) and the Ministry of Economy and Finance (“**MEF**”) jointly issued Joint Prakas No. 659 on Fines for Labour Law Violations (“**Joint Prakas**”). The Joint Prakas determines different types of Labour Law violations, the amount of fine for each violation, and the formula to calculate the fine. In accordance with the Joint Prakas, there are two different authorities empowered to fine the wrongdoers: the MLVT and the relevant competent court. It is noted that the Joint Prakas, although allowing two different entities to fine the wrongdoers, is silent on the determination of the separation of the competence between the two entities.

In accordance with the Joint Prakas, there are 105 acts, set out in the Annex of the Joint Prakas, which are considered as violations of Labour Law by the employers. The Annex specifies each type of violation, the base daily wage for calculation and the amount of fine, which varies from US\$300 to US\$3,600.

Fines collected by the MLVT and the courts will be distributed in accordance with the percentage determined for these institutions. The fine will be distributed to both the national level and the respective Municipal/Provincial Departments. At the national level, 30% of the fine shall go to the national budget, 69% will go to the MLVT, and 1% will be for the MEF. For the Municipal/Provincial Department, 30% of the collected fine will go to the national budget, 69% is for the respective Municipal/Provincial Department of Labour and Vocational Trainings (“**DLVTs**”), and 1% will go to the Municipal/Provincial Department of Economy and Finance (“**DEF**”).

Fines collected by the relevant competent court will also be distributed at the national level and the Municipal/Provincial department. At the national level, 26% of the fine will become the national budget, 49% will go to the MLVT, 24% will be allotted to the relevant competent court, and 1% will be for the MEF. For the Municipal/Provincial department, 26% of the fine will go to the national budget, 49% to the DLVT, 26% to the relevant competent court, and 1% to the DEF.

The MLVT shall submit monthly and annually reports on revenue to the MEF. The monthly report must be submitted by the 10<sup>th</sup> of the following month, while the annual report must be submitted by the 15<sup>th</sup> of January of the following year.

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#### ***ASEAN Economic Community Portal***

With the launch of the ASEAN Economic Community (“AEC”) in December 2015, businesses looking to tap the opportunities presented by the integrated markets of the AEC can now get help a click away. Rajah & Tann Asia, United Overseas Bank and RSM Chio Lim Stone Forest, have teamed up to launch “Business in ASEAN”, a portal that provides companies with a single platform that helps businesses navigate the complexities of setting up operations in ASEAN.

By tapping into the professional knowledge and resources of the three organisations through this portal, small- and medium-sized enterprises across the 10-member economic grouping can equip themselves with the tools and know-how to navigate ASEAN’s business landscape. Of particular interest to businesses is the “Ask a Question” feature of the portal which enables companies to pose questions to the three organisations which have an extensive network in the region. The portal can be accessed at <http://www.businessinasean.com/>.

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