
Labour

Non-garment, Textile and Footwear Enterprises and Establishments: The Back Pay of Seniority Payment for Services Rendered Prior to 2019

The Ministry of Labour and Vocational Training (“**MLVT**”) has announced the postponement of the implementation of the back pay of seniority payment for any non-garment enterprises and establishments to December 2021 via its Guideline No.042/19 dated 22 March 2019 (“**Guideline**”).

Seniority payment is a payment provided by employers to employees holding undetermined duration contract for the services rendered. This bi-annual payment is in effect from 2019 onward. The back pay of seniority payment is a payment provided to employees for their services rendered prior to 2019.

According to this Guideline, the back pay of seniority payment has been decreased from 15 days as originally stated in the Prakas No. 443 MLVT on the Calculation of Seniority Payment dated 21 September 2018 (“**Prakas 443**”) to 06 days per annum. The payment schedule remains unchanged, meaning that bi-annual payments are to be made in June and December, 03 days per each payment.

During this delay in the implementation, a total amount of the back pay shall be paid to the employees or their heirs if the employees are retired, are dead or are terminated for reasons other than serious misconduct. The employees who resign or are terminated for serious misconduct are not entitled to this back pay of the seniority payment.

For seniority of work performed from 2019 onward, the seniority payment provided under the Prakas 443 will be implemented as regulated, being the bi-annual payment in June and December of 7.5 days per payment.

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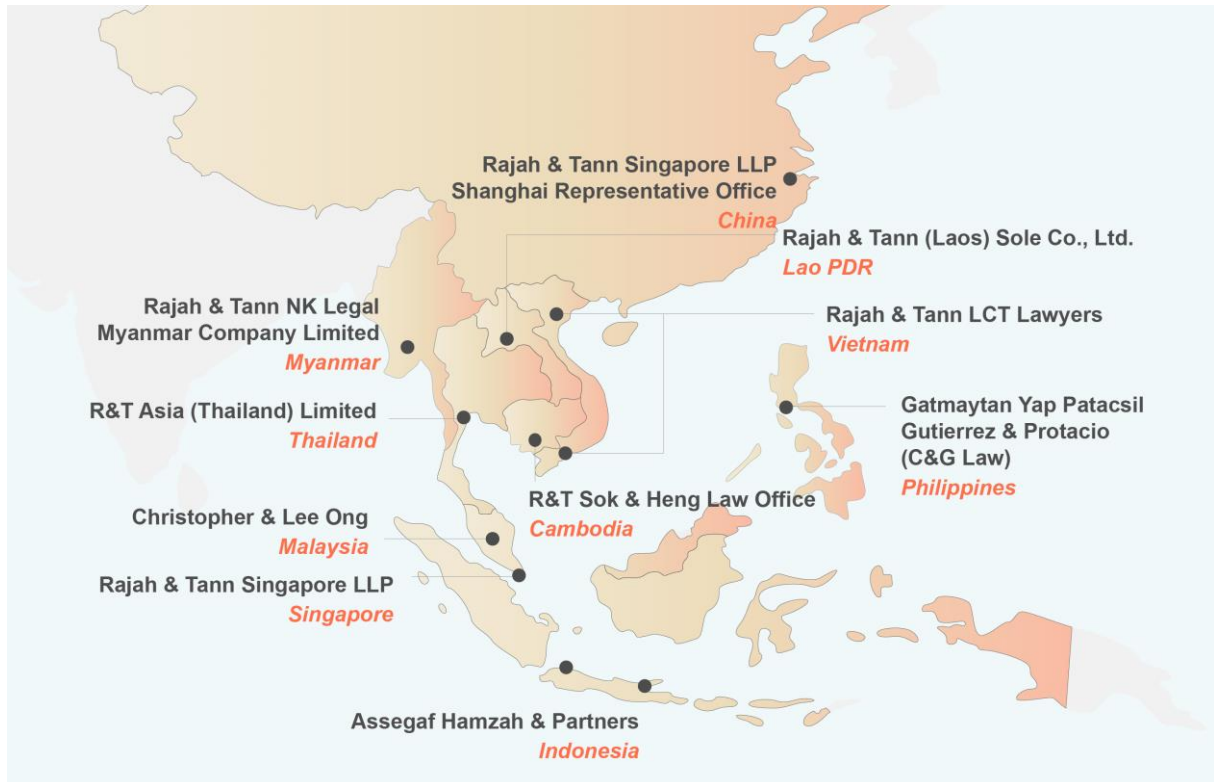
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