

2% EPF cut is optional

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Fund deluged with applications to keep contribution at 11%

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KUALA LUMPUR, Tues: Workers can choose to maintain their contributions to the Employees' Provident Fund at 11% instead of the 9% announced by the government last month.

Since the March 27 announcement reducing the employee's contribution by 2% for a year, thousands have submitted option forms to top up their contribution to 11%.

Sources said the EPF headquarters has received some 30,000 forms and its offices elsewhere have run out of forms.

"Up to now, the EPF is just leaving the forms unattended as it was not prepared for the deluge," the sources told *The Sun*.

Earlier today, the Prime Minister's Office said the option of contributing 11% or 9% will be left to workers to decide.

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MTUC: Decision in line with workers' wishes

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The reduction effective April 1 is part of the RM7.7 billion stimulus package (RM3 billion to be spent this year) designed to jump-start the economy in the wake of a US economic slowdown.

On March 29, Mahathir had said the reduction is compulsory but added that the government would review the matter if there were objections.

The Sun had reported the same day that the EPF was studying whether workers could continue to contribute 11%.

A worker seeking to contribute more than the minimum rate specified in the Third Schedule of the EPF

Act can use Form 17A to revise his rate.

The act empowers the minister to amend the rates.

However, "an employer and an employee or either of them may, at any time elect to pay monthly contributions at a rate which exceeds the rate respectively set out in the Third Schedule by one ringgit or a multiple of one ringgit".

It does not stipulate a maximum but states that contributors will receive tax concession only for 15%.

MTUC president Zainal Rampak said the government's decision is in line with workers' wishes.

He advised workers to continue to contribute 11% to benefit them in the long term.

"The government is confident that workers will welcome the decision to give them the option to make their respective contributions," it said in a statement.

It said the move is in line with section 43(4) of the EPF Act which provides that workers can opt to contribute more than the current stipulated rate.

Later, Mahathir told reporters that the flexibility is made after taking into account complaints from contributors who oppose the reduction - which was part of measures taken to encourage spending and boost a slowing economy.

"If people don't like the new ruling and want to contribute more, we cannot stop them.

"In fact, if they want to pay more than the stipulated portion required under the law like 11% or more, they can. It is for their own future. Anyway, this is only a temporary measure," he said.

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