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PeopleSoft

# PeopleSoft HCM 9.2: Global Payroll for Hong Kong

**January 2021**

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# Contents

# Preface

## Understanding the PeopleSoft Online Help and PeopleBooks

The PeopleSoft Online Help is a website that enables you to view all help content for PeopleSoft applications and PeopleTools. The help provides standard navigation and full-text searching, as well as context-sensitive online help for PeopleSoft users.

## Hosted PeopleSoft Online Help

You can access the hosted PeopleSoft Online Help on the Oracle Help Center. The hosted PeopleSoft Online Help is updated on a regular schedule, ensuring that you have access to the most current documentation. This reduces the need to view separate documentation posts for application maintenance on My Oracle Support. The hosted PeopleSoft Online Help is available in English only.

To configure the context-sensitive help for your PeopleSoft applications to use the Oracle Help Center, see Configuring Context-Sensitive Help Using the Hosted Online Help Website.

## Locally Installed Help

If you're setting up an on-premise PeopleSoft environment, and your organization has firewall restrictions that prevent you from using the hosted PeopleSoft Online Help, you can install the online help locally. See Configuring Context-Sensitive Help Using a Locally Installed Online Help Website.

## Downloadable PeopleBook PDF Files

You can access downloadable PDF versions of the help content in the traditional PeopleBook format on the Oracle Help Center. The content in the PeopleBook PDFs is the same as the content in the PeopleSoft Online Help, but it has a different structure and it does not include the interactive navigation features that are available in the online help.

## Common Help Documentation

Common help documentation contains information that applies to multiple applications. The two main types of common help are:

- Application Fundamentals

- Using PeopleSoft Applications

Most product families provide a set of application fundamentals help topics that discuss essential information about the setup and design of your system. This information applies to many or all applications in the PeopleSoft product family. Whether you are implementing a single application, some combination of applications within the product family, or the entire product family, you should be familiar with the contents of the appropriate application fundamentals help. They provide the starting points for fundamental implementation tasks.

In addition, the *PeopleTools: Applications User's Guide* introduces you to the various elements of the PeopleSoft Pure Internet Architecture. It also explains how to use the navigational hierarchy, components, and pages to perform basic functions as you navigate through the system. While your application or implementation may differ, the topics in this user's guide provide general information about using PeopleSoft applications.

## Field and Control Definitions

PeopleSoft documentation includes definitions for most fields and controls that appear on application pages. These definitions describe how to use a field or control, where populated values come from, the effects of selecting certain values, and so on. If a field or control is not defined, then it either requires no additional explanation or is documented in a common elements section earlier in the documentation. For example, the Date field rarely requires additional explanation and may not be defined in the documentation for some pages.

## Typographical Conventions

The following table describes the typographical conventions that are used in the online help.

| *Typographical Convention* | *Description* |
|---|---|
| Key+Key | Indicates a key combination action. For example, a plus sign (+) between keys means that you must hold down the first key while you press the second key. For Alt+W, hold down the Alt key while you press the W key. |
| . . . (ellipses) | Indicate that the preceding item or series can be repeated any number of times in PeopleCode syntax. |
| { } (curly braces) | Indicate a choice between two options in PeopleCode syntax. Options are separated by a pipe ( \| ). |
| [ ] (square brackets) | Indicate optional items in PeopleCode syntax. |
| & (ampersand) | When placed before a parameter in PeopleCode syntax, an ampersand indicates that the parameter is an already instantiated object.<br><br>Ampersands also precede all PeopleCode variables. |
| ⇒ | This continuation character has been inserted at the end of a line of code that has been wrapped at the page margin. The code should be viewed or entered as a single, continuous line of code without the continuation character. |

## ISO Country and Currency Codes

PeopleSoft Online Help topics use International Organization for Standardization (ISO) country and currency codes to identify country-specific information and monetary amounts.

ISO country codes may appear as country identifiers, and ISO currency codes may appear as currency identifiers in your PeopleSoft documentation. Reference to an ISO country code in your documentation

does not imply that your application includes every ISO country code. The following example is a country-specific heading: "(FRA) Hiring an Employee."

The PeopleSoft Currency Code table (CURRENCY_CD_TBL) contains sample currency code data. The Currency Code table is based on ISO Standard 4217, "Codes for the representation of currencies," and also relies on ISO country codes in the Country table (COUNTRY_TBL). The navigation to the pages where you maintain currency code and country information depends on which PeopleSoft applications you are using. To access the pages for maintaining the Currency Code and Country tables, consult the online help for your applications for more information.

# Region and Industry Identifiers

Information that applies only to a specific region or industry is preceded by a standard identifier in parentheses. This identifier typically appears at the beginning of a section heading, but it may also appear at the beginning of a note or other text.

Example of a region-specific heading: "(Latin America) Setting Up Depreciation"

## Region Identifiers

Regions are identified by the region name. The following region identifiers may appear in the PeopleSoft Online Help:

- Asia Pacific

- Europe

- Latin America

- North America

## Industry Identifiers

Industries are identified by the industry name or by an abbreviation for that industry. The following industry identifiers may appear in the PeopleSoft Online Help:

- USF (U.S. Federal)

- E&G (Education and Government)

# Translations and Embedded Help

PeopleSoft 9.2 software applications include translated embedded help. With the 9.2 release, PeopleSoft aligns with the other Oracle applications by focusing our translation efforts on embedded help. We are not planning to translate our traditional online help and PeopleBooks documentation. Instead we offer very direct translated help at crucial spots within our application through our embedded help widgets. Additionally, we have a one-to-one mapping of application and help translations, meaning that the software and embedded help translation footprint is identical—something we were never able to accomplish in the past.

# Using and Managing the PeopleSoft Online Help

Select About This Help in the left navigation panel on any page in the PeopleSoft Online Help to see information on the following topics:

- Using the PeopleSoft Online Help

- Managing Hosted online help

- Managing locally installed PeopleSoft Online Help

# Related Links for PeopleSoft HCM

Oracle Help Center

PeopleSoft Information Portal

My Oracle Support

PeopleSoft Training from Oracle University

PeopleSoft Video Feature Overviews on YouTube

PeopleSoft Business Process Maps (Microsoft Visio format)

PeopleSoft Spotlight Series

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**Chapter 1**

# Getting Started with Global Payroll for Hong Kong

## Global Payroll for Hong Kong Overview

Global Payroll for Hong Kong delivers elements, rules, pages, processes, and reports that work with the PeopleSoft Global Payroll core application to form a complete payroll package for Hong Kong.

Global Payroll for Hong Kong delivers earnings for hourly and salaried employees, as well as overtime, shift allowances, typhoon and black rain allowances, meal allowances, meal reimbursement, housing allowances, gratuity, absence and termination earnings, and 13th month pay. Global Payroll for Hong Kong also delivers many common deductions, such as those for cash advance recovery, community chest, leave without pay, and Mandatory Provident Fund deductions. With Global Payroll for Hong Kong, you can capture, generate, and maintain both employee and company identification and biographical data that support the reporting requirements of the Hong Kong Inland Revenue Department. You can process absence payments and also absence payments on termination for employees. You can set up and run the banking process and process paychecks. With Global Payroll for Hong Kong, you can design and generate payslips.

## Global Payroll for Hong Kong Business Processes

The following list is of the Global Payroll for Hong Kong business processes:

- Inland Revenue reporting.

- Mandatory Provident Fund.

- Printing and viewing payslips.

- Payroll reporting.

- Absence and termination.

- Banking and recipient processing.

We discuss these business processes in the business process topics in this PeopleBook.

## Global Payroll for Hong Kong Integrations

Global Payroll for Hong Kong integrates with these applications through the core Global Payroll application:

- PeopleSoft HR.

- PeopleSoft Time and Labor.

- PeopleSoft General Ledger.

We discuss integration considerations in the core Global Payroll PeopleBook.

### Related Links

"Understanding Payee Data" (PeopleSoft HCM 9.2: Global Payroll)
"Real Time Integration with Other PeopleSoft Applications" (PeopleSoft HCM 9.2: Global Payroll)
"Integrating Global Payroll with General Ledger" (PeopleSoft HCM 9.2: Global Payroll)

# Global Payroll for Hong Kong Implementation

PeopleSoft Setup Manager enables you to generate a list of setup tasks for your organization based on the features that you are implementing. The setup tasks include the components that you must set up, listed in the order in which you must enter data into the component tables, and links to the corresponding PeopleBook documentation.

### Other Sources of Information

In the planning phase of your implementation, take advantage of all PeopleSoft sources of information, including the installation guides, table-loading sequences, data models, and business process maps.

Refer to the *PeopleSoft HCM 9.2 - Reorganization of Component Interface Permissions* (Doc ID 2342162.1) MOS posting for a list of system-delivered CIs and their usage, the mapping of CIs and associated permission lists, and the mapping of CI permission lists and user roles.

See also the documentation for *PeopleTools: Setup Manager* and *PeopleTools: Component Interfaces*.

**Chapter 2**

# Understanding Global Payroll for Hong Kong

## Understanding Global Payroll for Hong Kong

Global Payroll for Hong Kong is a country extension of the core Global Payroll application. It provides the payroll rules, elements, and absence processes needed to run a Hong Kong payroll.

**Important!** If you want to use the delivered rules for this country extension, we recommend that you use only employment instances in PeopleSoft HR.

## Global Payroll for Hong Kong Business Processes

Global Payroll for Hong Kong supports the following business processes:

- Inland Revenue Reporting.

  This feature satisfies the requirements of the Hong Kong Inland Revenue Department (IRD). Features include the ability to capture, generate, and maintain both employee and company identification and biographical data that support the reporting requirements of the Hong Kong Inland Revenue Department (IRD).

  PeopleSoft provides you with the ability to create a flat file that complies with Hong Kong Inland Revenue Department requirements for the submission of electronic files. A Global Payroll core application process creates the output using a file layout object that has the same structure as that of the electronic file expected by the IRD of Hong Kong. Before you generate, review, and print Inland Revenue forms and reports, you can set up additional report data. Employee departure details, housing and quarters details, and employer details are required for specific Inland Revenue reports. You can also associate multiple payroll accumulators with report elements and allocate starting sheet numbers. After you set up and generate the data required for Inland Revenue reporting and generate those forms, you can review the results and maintain available fields. The IR56 Inquiry component enables you to view and amend the generated IR56 data.

- Mandatory Provident Fund.

  This feature supports the administrative and reporting requirements of Mandatory Provident Fund (MPF) administration and maintenance and provides support for both employee and employer payments to a nominated fund in accordance with the calculation of eligibility rules for MPF legislation. These deduction rules cover legislative MPF requirements such as permitted period processing, age eligibility, and the contribution holiday rule. The system accommodates MPF exemption rules and limits by enabling you to define casual employees for MPF contributions, exclude specific employees from MPF calculations and apply maximum and minimum limits to MPF contributions.

MPF reports such as the Remittance Statement and Employee New/Terminated Report enable you to manage your contributions. You can also set up recipient MPF commission and scheme details for your MPF reports.

• Payslips.

The design of the payslip feature enables you to create and control payslips that display the data that you want, where you want it and in the format that you want. You can override templates at lower levels, so you do not have to create multiple templates to cover every payslip scenario that you may have.

• Payroll Reporting.

In addition to the reports delivered with Global Payroll, the Hong Kong country extension comes with a set of reports to support business requirements. Reports included in the country extension are:

  • Payroll Register

  • Reconciliation Report

  • Pay Component Register

• Absence and Termination.

Global Payroll for Hong Kong delivers predefined rules for processing absence payments, such as annual leave, long service leave, sick leave, maternity leave, and jury leave. We also deliver rules to calculate absence entitlements on termination, including rules for the payment of unused annual leave, 13th month payment, outstanding deduction recovery, severance, and long service. You can modify many of these rules to reflect absence and termination policies that are specific to the organization or to labor agreements with employees.

To demonstrate how Global Payroll can process typical absence requirements in Hong Kong, PeopleSoft provides 8 absence entitlement elements and 10 absence take elements.

• Banking and Recipient Processing.

This feature supports net payment (employee salary) direct deposits and recipient payments using the electronic file (HSBC) format used by the Hong Kong and Shanghai Corporation Bank. Global Payroll for Hong Kong generates electronic file outputs to credit employee salaries and reports this data to the recipient. The Global Payroll banking process brings together payroll data, pay entity source bank data, and payee or recipient bank data. The EFT file creation process extracts data compiled by the banking process according to the content you want in the EFT file that you are creating, merges it with data provided by the Hong Kong country extension and creates the file for transmission.

### Related Links
"Understanding Report Data Generation" (PeopleSoft HCM 9.2: Global Payroll)

# Delivered Elements for Hong Kong

This section discusses:

- Creation of delivered elements.

- Element ownership and maintenance.

## Creation of Delivered Elements

Global Payroll defines each business process for Hong Kong in terms of delivered elements and rules. Some of these elements and rules are specifically designed to meet legislative requirements, while others support common or "customary" payroll practices.

All of the elements and rules delivered as part of the country extension were created using the core application—the same application you use to create additional elements or rules and configure existing elements delivered as part of the Global Payroll system. Because the tools needed to redefine or create new payroll elements are fully documented in the core application PeopleBook, we do not reproduce this information here. Instead, we briefly review the relationship between the core application (which contains the tools you need to define your own elements and rules) and the country extensions (which contain country-specific rules and elements defined by PeopleSoft).

The core application has the following characteristics:

- It consists of a payroll rules engine—a flexible tool that enables users to define the rules and elements of their payroll system and execute payroll and absence calculations. Global Payroll does not embed payroll-specific logic or computations in application code. Instead, it specifies all business application logic, such as earnings, deductions, absences, and accumulators, in terms of payroll rules and elements. Global Payroll enables the user to enter and maintain payroll rules through a set of pages and offers a comprehensive set of features that enable the user to work in their preferred language or currency.

- It provides a payroll processing framework—a flexible way to define and execute payroll and absence processing flows, such as calendars, run types, pay periods, and process lists.

Country extensions have the following characteristics:

- They are built using the core application.

- They consist of statutory and customary objects (country-specific payroll rules, elements, payroll processes, reports, pages, and self-service applications).

PeopleSoft delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in *PeopleSoft HCM: Global Payroll*.

### Related Links
"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

# Element Ownership and Maintenance

The delivered elements and rules of your Global Payroll country extension can be classified according to whether they are owned and maintained by the customer or by PeopleSoft. Some elements and rules are maintained exclusively by PeopleSoft and cannot be modified, while others can be configured to meet requirements unique to each organization.

## Understanding Element Ownership in Global Payroll

There are five categories of element ownership:

| | |
|---|---|
| **PS Delivered/Maintained** | Elements delivered and maintained on an ongoing basis by PeopleSoft. |
| **PS Delivered/Not Maintained** | Elements delivered by PeopleSoft that must be maintained by the customer. This category consists primarily of either customary (non-statutory) rules or statutory elements that customers may want to define according to a different interpretation of the rules. Although PeopleSoft may occasionally update elements defined as *PS Delivered/Not Maintained,* you are not required to apply these updates. |
| **Customer Maintained** | Elements created and maintained by your organization. PeopleSoft does not deliver rules defined as *Customer Maintained.* |
| **PS Delivered/Customer Modified** | Elements that were originally PS Delivered/Maintained elements over which the customer has decided to take control (this change is irreversible). |
| **PS Delivered / Maintained / Secure** | Delivered elements that the customer can never modify or control. |

## Understanding Element Ownership in Global Payroll for Hong Kong

Of the five ownership categories listed in the previous section, only PS Delivered/Maintained and PS Delivered/Not Maintained are used to define Hong Kong elements. Although Global Payroll for Hong Kong delivers some elements as PS Delivered/Maintained, the large majority of elements are designated PS Delivered/Not Maintained. This enables you to modify, update, and reconfigure the delivered elements to meet needs that are specific to your organization.

In the following table of elements supplied with Global Payroll for Hong Kong, the *ownership* of all elements is PS Delivered/Not Maintained with exceptions shown in column 2.

**Note:** These element types have no exceptions so are not shown in the table: absence entitlements, accumulators, arrays, absence takes, brackets, durations, dates, element groups, earnings, generation controls, proration rules, processes, sections, and writable arrays.

| *Element Type* | *Exceptions* |
|---|---|
| Deductions | MPF employee and employer (regular and permitted—mandatory deductions). |

| Element Type | Exceptions |
|---|---|
| Formulas | MPF formulas related to:<br><br>• Base for employee and employer mandatory calculations.<br><br>• Post processing for employee and employer mandatory calculations.<br><br>• Pre processing for employee and employer mandatory calculations.<br><br>• Resolution of employee and employer mandatory calculations. |
| Manage Historical Data Rules | Historical rule for employee MPF mandatory calculations. |
| Variables | MPF — Total voluntary contribution for permitted period. |

### Related Links

"Global Payroll Business Processes" (PeopleSoft HCM 9.2: Global Payroll)

# Delivered Elements Naming Convention

This section discusses:

• Element names.

• Functional area codes.

• Element type codes (PIN_TYPE).

• Viewing delivered elements.

## Element Names

One of the keys to understanding how delivered payroll elements function in the system is to understand their names. Understanding the naming convention developed for PeopleSoft-delivered elements can help you determine how an element is used, the element type, and even the functional area it serves. Depending on whether the element is a primary element, a component of a primary element, or a supporting element, one of the following naming conventions applies.

### Supporting Elements

For supporting elements, such as variables, formulas, dates, durations, and so on, PeopleSoft uses the following naming convention: FFF (or FF) TT NAME.

• FFF (or FF): Functional Area Code (see Functional Area Codes for more information).

• TT: Type of Supporting Element (see List Element Type Codes (PIN_TYPE) for more information).

- NAME (or NAME NAME): An indication of what the element does or is for. (The number of NAME components may vary.)

For example, in the MPF variable MPF VR START DATE, MPF stands for Mandatory Provident Fund, VR stands for variable and START DATE stands for start date. The element's thirty character (maximum) description (DESCR) provides a fuller explanation of what the element does or is for.

## Primary Elements

Primary elements, such as earnings, deductions, absence take, and absence entitlement elements often do not contain functional area codes or element type codes in their names. This is because primary elements have names, based on Hong Kong terms, that identify their function and element type without the use of additional codes. For example, the name of the earning element 13MTHPAY clearly identifies this element as an earning, and more specifically, as a thirteenth month (13MTH) payment (PAY).

## Additional Clues to the Use of Hong Kong Elements

Many Hong Kong elements contain abbreviations that provide clues (beyond those provided by the functional area codes or element type codes) to their use in the system. For example, consider the following duration element: TER DR DY IN SERV. The functional area code TER indicates that this element is used for termination elements, and the element type code DR identifies it as a duration element. The abbreviations DY, IN and SERV provide additional clues about how the element measures periods of time. The duration is in days (DY) in (IN) service (SERV). As you become more familiar with the payroll rules created for Hong Kong, these abbreviations will help you to further identify and understand the role played by each element.

The following table lists the most common abbreviations used in the names of Hong Kong elements.

| Abbreviation | English |
|---|---|
| AC | Accumulator |
| ADV | Advance |
| ALLOW | Allowance |
| AMT | Amount |
| ANNIV | Anniversary |
| BAL | Balance |
| BAS | Basic |
| CAL | Calendar |
| CNTR | Contract |
| COMCHST | Community Chest |
| COMP | Compassion |

| Abbreviation | English |
|---|---|
| CUR | Current |
| DED | Deductions |
| DY | Days |
| ED | Education |
| EE / EMP | Employee |
| ELIG | Eligibility |
| ENT | Entitlement |
| ER | Employer |
| ERN | Earnings |
| EXT | Extract |
| FCAST | Forecast |
| GENL | General |
| HOL | Holiday |
| HLY | Hourly |
| INCM | Income |
| LSP | Long service payment |
| LWOP | Leave without pay |
| MARR | Marriage |
| MAT | Maternity |
| MAX | Maximum |
| MIN | Minimum |
| MN | Mandatory |
| MSG | Message |
| MTD | Month to date |

| Abbreviation | English |
|---|---|
| MTH | Month |
| PERM | Permitted |
| PRD | Period |
| PREV | Previous |
| PRIM | Primary |
| REG | Regular |
| REVLNT | Relevant |
| ROLLAVG | Rolling average |
| RSLV | Resolve |
| SAL | Salary |
| STAT | Statutory |
| SVC / SERV | Service |
| TOT | Total |
| TX | Tax |
| VOL | Voluntary |
| YR | Year |
| YTD | Year to date |

## Component Names (Suffixes)

In Global Payroll for Hong Kong, suffixes are used to name the components of earning and deduction elements. For example, when you create an earning or deduction element in Global Payroll, you define the components that make up the element, such as base, rate, unit, and percentage. The system automatically generates the components and accumulators for the element based on the calculation rule or accumulator periods. The system also names the components and accumulators by appending a suffix to the element's name.

For example, let's say you define the earning element named EARN1 with the following calculation rule:

EARN1 = Rate x Unit

The system automatically creates two additional elements for the components in the calculation rule: a rate element called EARN1_RATE and a unit element called EARN1_UNIT. In Global Payroll for Hong Kong, all suffixes fall into one of the following types:

• Separator.

• Earnings and deductions and absence entitlement component suffixes.

• Earnings and deductions and absence entitlement accumulator suffixes.

• Deduction arrears component suffixes.

• Deduction arrears accumulator suffixes.

• Recipient suffixes.

**Note:** To view the suffixes used for Hong Kong, navigate to Set Up HCM > Product Related > Global Payroll & Absence Mgmt > System Settings > Element Suffixes.

## Functional Area Codes

The following table contains the functional area codes used in the names of Hong Kong elements:

| Functional Area Code | Description |
| --- | --- |
| ABS | Absence |
| ALV | Annual leave |
| CM | Areas common to multiple functional areas |
| DED | Deductions |
| ERN | Earnings |
| IRR | Inland Revenue Reporting |
| MLV | Maternity Leave |
| MPF | Mandatory Provident Fund |
| NPL | No pay leave |
| OLV | Other leave |
| PSLP | Payslips |
| SLV | Sick leave |
| TER | Terminations |

### Related Links

"Understanding Elements" (PeopleSoft HCM 9.2: Global Payroll)

## Element Type Codes (PIN_TYPE)

Many element types, particularly supporting elements, are identified by the type code in their name. For example, the FM in MPF FM POST EEMN1 identifies the element as a formula.

You can see all the element types in the search page when you navigate to Set Up HCM > Product Related > Global Payroll & Absence Mgmt > System Settings > Element Types.Because not all element types are delivered for Hong Kong, not all of these codes appear in the names of Hong Kong elements.

### Related Links

"Understanding Elements" (PeopleSoft HCM 9.2: Global Payroll)

## Viewing Delivered Elements

PeopleSoft delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in the *PeopleSoft HCM: Global Payroll*.

### Related Links

"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

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# Archiving Data for Global Payroll for Hong Kong

PeopleSoft Global Payroll for Hong Kong generates a large amount of result data. To keep the amount of saved data manageable, it can be helpful to archive it periodically. PeopleSoft PeopleTools delivers an archiving tool called the Data Archive Manager. To aid you in archiving your result data using the Data Archive Manager, PeopleSoft Global Payroll for Hong Kong delivers a predefined archive object (GPHK_RSLT_ARCHIVE) and archive template (GPHKRSLT). The delivered archive template uses queries that select data by calendar group ID (CAL_RUN_ID field).

**Note:** Please use extreme caution when making changes to delivered archive objects, queries, or templates. Any modifications can result in the loss of important data.

See ."Archiving Global Payroll Data" (PeopleSoft HCM 9.2: Global Payroll)

**Chapter 3**

# Setting Up Global Payroll for Hong Kong

## Processing Retroactive Payments

This section discusses the default retro method of forwarding and the ability to change it to the corrective method.

The default retro method and the on conflict retro method for Hong Kong are both forwarding. Global Payroll core application retro processing meets all requirements for processing retroactive payments in Hong Kong.

While forwarding retro is the default retro method for Hong Kong, you can still use the corrective retro method. If you use corrective retro, ensure that all periods before the start of the current tax year (April 1 to March 31) are forwarded to the current year. For example, if in May an employee was paid a backdated increase for the period January to April, you can use corrective retro for the period in the current tax year (April), but use forwarding retro for the period in the prior tax year (January to March).
For more information on the off cycle processing for Hong Kong, see Understanding Off-Cycle Processing.

**Note:** The default retro method for Mandatory Provident Fund (MPF) calculations is forwarding. If a retroactive payment is related to MPF relevant income, then the system forwards the delta to the current payroll period to calculate MPF. If you use the corrective retro method for MPF calculation, then the retroactive payment is calculated for the payroll period that you correct. If you choose to use the Forced Corrective option, then you must set up off-cycle payment processing on the Off Cycle On Demand page prior to the calculation.

### Related Links
Understanding Off-Cycle Processing
"Understanding Retroactive Methods" (PeopleSoft HCM 9.2: Global Payroll)

## Entering Additional Information for Other Features

The following additional pages are used specifically for set up required for Global Payroll Hong Kong. They are documented in full in their respective sections as shown in the following list:

- IR56 Report Data HKG; Setting Up Inland Revenue Reports.

- Tax Reference Number Dtls HKG; Setting Up Inland Revenue Reports.

- IR56 Exchange Rate Defn HKG; Setting Up Inland Revenue Reports.

- Define IR56B/M Controls HKG; Setting Up Inland Revenue Reports.

- Overseas Concern Details HKG; Setting Up Inland Revenue Reports.

- Source Bank Accounts HKG; Running Banking and Recipient Processing.

- Deduction Recipients HKG; Running Banking and Recipient Processing.

- Link to Pay Group HKG; Setting Up Payslips.

- Templates HKG; Setting Up Payslips.

- Messages HKG ; Setting Up Payslips.

# Defining Triggers and Segmentation Events for Hong Kong

This section discusses:

- Triggers.

- Segmentation events.

- Viewing delivered elements.

## Triggers

The following is a list of triggers for Hong Kong:

| Record (Table) Name | Type | Trigger Event ID |
|---|---|---|
| ADDRESSES | Iterative | NA |
| COMPENSATION | Iterative | NA |
| COMPENSATION | Retro | COMPENSATI |
| CONTRACT_DATA | Iterative | NA |
| EMPLOYMENT | Iterative | NA |
| GPAU_EE_TAX_DTL | Iterative | NA |
| GPAU_GARN_DTLS | Iterative | NA |
| GPAU_LSL_HISTRY | Iterative | NA |
| GP_ABSEVT_SGPAU | Iterative | NA |
| GP_ABS_EVENT | Iterative | NA |
| GP_ABS_EVENT | Retro | GPABSEVENT |
| GP_ABS_OVRD | Iterative | NA |
| GP_ABS_OVRD | Retro | GPABSOVRD |
| GP_PI_MNL_DATA | Iterative | NA |

| Record (Table) Name | Type | Trigger Event ID |
|---|---|---|
| GP_PI_MNL_DATA | Retro | GPPIMNLDAT |
| GP_PI_MNL_SOVR | Iterative | NA |
| GP_PI_MNL_SOVR | Retro | GPPIMNLSOV |
| GP_PYE_OVRD | Iterative | NA |
| GP_PYE_OVRD | Retro | GPPYEOVRD |
| GP_PYE_OVR_SOVR | Iterative | NA |
| GP_PYE_OVR_SOVR | Retro | GPPYEOVRSO |
| GP_PYE_SECT_DTL | Iterative | NA |
| GP_PYE_SECT_DTL | Retro | GPPYESECTD |
| GP_RTO_TRGR | Iterative | NA |
| GP_RTO_TRG_CTRY | Iterative | NA |
| GP_SEG_TRGR | Iterative | NA |
| JOB | Iterative | NA |
| JOB | Retro | JOB |
| JOB | Segmentation | NA |
| JOB_JR | Iterative | NA |
| PERSON | Iterative | NA |
| PERS_DATA_EFFDT | Iterative | NA |
| SCH_ASSIGN | Iterative | NA |
| SCH_ASSIGN | Retro | SCHASSIGN |
| SCH_MNG_SCH_TBL | Iterative | NA |
| TL_PAYABLE_TIME | Iterative | NA |
| WKF_CNT_TYPE | Iterative | NA |

## Related Links

"Understanding Triggers" (PeopleSoft HCM 9.2: Global Payroll)

## Segmentation Events

The following is a list of segmentation events for Hong Kong:

| Name | Description | Segment Type |
|------|-------------|--------------|
| COMPRATE | Comp rate segmentation | Element |
| GRADE | Grade segmentation | Element |
| JOB | Job segmentation | Period |

### Related Links

"Understanding Segmentation Setup" (PeopleSoft HCM 9.2: Global Payroll)

## Viewing Delivered Elements

PeopleSoft delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in the *PeopleSoft HCM: Global Payroll*.

### Related Links

"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

# Identifying Proration Rules

Five proration rules are available to the 15 supplied for all countries to meet Hong Kong's payroll processing requirements. The following table lists the rules and indicates the numerator and denominator the rule uses:

| Name | Description | Numerator | Denominator |
|------|-------------|-----------|-------------|
| OE PO 13MTH | Proration for 13th mth pay | Formula<br><br>OE FM 13MTH PAY | Duration<br><br>OE DR DAYS IN YR |
| MPF PO 18TH BTHDAY | 18th birthday proration | Duration<br><br>MPF DR BIRTHDAY | Duration<br><br>GP CAL DAYS PERIOD |
| MPF PO REVLNT INCM | Proration for relevant income | Duration<br><br>MPF DR START DATE | Duration<br><br>GP CAL DAYS PERIOD |
| MPF PO 65TH BTHDAY | 65th birthday proration | Duration<br><br>MPF DR 65 BTHDAY | Duration<br><br>GP CAL DAYS SEG |

### Related Links

"Defining Proration Rules" (PeopleSoft HCM 9.2: Global Payroll)

**Chapter 4**

# Setting Up Inland Revenue Reports

## Understanding Setup for Hong Kong Inland Revenue Reporting

Before you can generate, review, and print your Inland Revenue forms and reports, you must set up additional report data. Employee departure details, housing and quarters details, tax reference numbers and employer details are required for specific Inland Revenue reports. You can also associate multiple payroll accumulators with report elements, set up exchange rates and allocate starting sheet numbers.

## Viewing Delivered Elements

The PeopleSoft system delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in *PeopleSoft HCM: Global Payroll*.

### Related Links
"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

## Linking Accumulators with Report Elements

To link accumulators to report elements, use the IR56 Report Data HKG (GPHK_IR56REP_SETUP) component.

This section provides an overview of accumulator usage in the IR56 result table and discusses how to link accumulators with report elements.

## Page Used to Link Accumulators with Report Elements

| Page Name | Definition Name | Usage |
|---|---|---|
| IR56 Report Data HKG Page | GPHK_IR56REPT_TBL | Associate payroll accumulators with report elements. You can link accumulators to the report element. |

## Understanding Accumulator Usage in the IR56 Result Table

You can select the payroll accumulators to link to specific IR56 report elements. During the data creation process, the year to date (YTD) balance amount is retrieved from the result table for the specific accumulators that you associate with each report element. The IR56 result table contains the total amount for each accumulator associated with each report element. You can view and modify the amounts. Amounts for the report element are grouped at the time of reporting (on the electronic file and hard copy output).

# IR56 Report Data HKG Page

Use the IR56 Report Data HKG page (GPHK_IR56REPT_TBL) to associate payroll accumulators with report elements.

You can link accumulators to the report element.

**Navigation**

Set Up HCM > Product Related > Global Payroll & Absence Mgmt > Reports > IR56 Report Data HKG > IR56 Report Data HKG

**Image: IR56 Report Data HKG page**

This example illustrates the fields and controls on the IR56 Report Data HKG page. You can find definitions for the fields and controls later on this page.
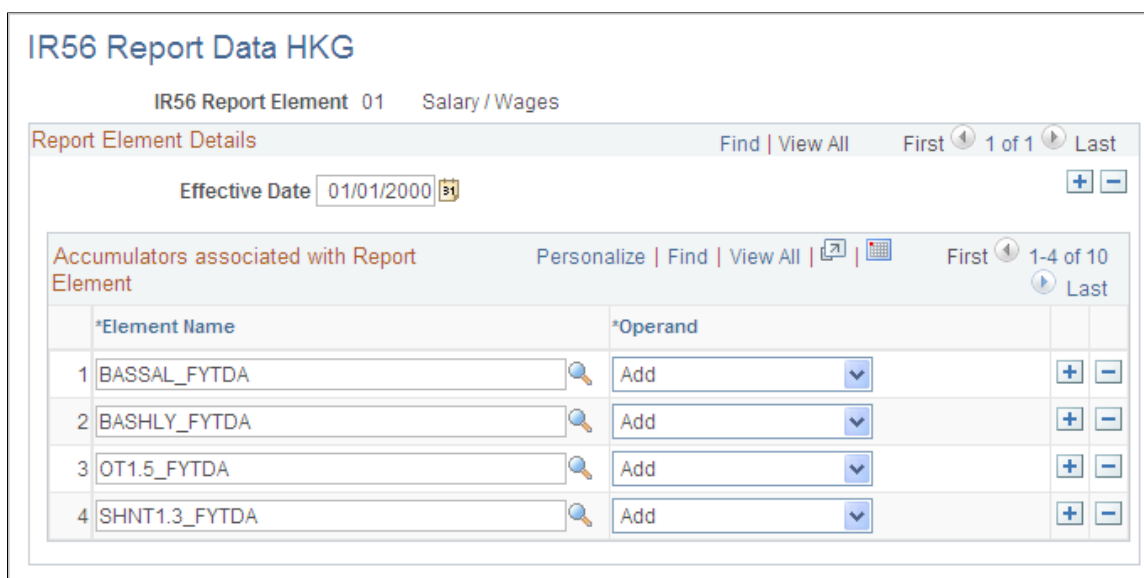


| IR56 Report Element | Displays predetermined categories that appear in Inland Revenue reports. You can associate multiple accumulators that must be reported against an IR56 report element. |

## Accumulators Associated with Report Element

| Element Name | Select the payroll accumulators to link to the IR56 report element. |
| | During the data creation process, the year to date (YTD) balance amount is retrieved from the result table for the specific accumulators that you associate with each report element. The IR56 result table contains the total amount for each accumulator associated with each report element. You can view and modify the amounts. Amounts for the report element are grouped at the time of reporting (on the electronic file and hard copy output). |
| | For example, when you associate three accumulators with the *Commission/Fees* report element, the IR56 result table contains |

three rows of data (one for each accumulator). At the time of reporting and printing, the amounts from the three accumulators are totaled and printed against the *Commission/Fees* report element.

**Operand**

Identify whether you want the accumulator to *Add* or *Subtract* when resolving.

Accumulators always store amounts as positive values. However, to attach an accumulator to a report element that is a negative amount, select *Subtract*. This informs the IR56 creation process that the amount associated with the accumulator should be treated as a negative amount.

For example, the accumulator LWOP_FYTDA for the leave without pay earning is attached to the *Salary/Wages* report element. The Payroll Result table has an amount of 1200. When you select *Subtract,* the 1200 is reduced from the total amount calculated for the *Salary/Wages* report element.

### Related Links

"Understanding Accumulators" (PeopleSoft HCM 9.2: Global Payroll)

Generating Inland Revenue Report Data

Reviewing and Maintaining IR56 Report Data

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# Setting Up Employee Departure Details

This section discusses how to set up employee departure details.

## Page Used to Set Up Employee Departure Details

| Page Name | Definition Name | Usage |
|---|---|---|
| Specify Departure Details HKG Page | GPHK_DPRT_DTLS_HKG | Capture the departure details of employees leaving Hong Kong. This information appears in the IR56G report. This information applies only to employees who are not citizens of the country. It is required when an overseas employee is terminated. |

## Specify Departure Details HKG Page

Use the Specify Departure Details HKG page (GPHK_DPRT_DTLS_HKG) to capture the departure details of employees leaving Hong Kong.

This information appears in the IR56G report. This information applies only to employees who are not citizens of the country. It is required when an overseas employee is terminated.

**Navigation**

Global Payroll & Absence Mgmt  > Payee Data  > Terminations  > Specify Departure Details HKG  > Specify Departure Details HKG

**Image: Specify Departure Details HKG page**

This example illustrates the fields and controls on the Specify Departure Details HKG page. You can find definitions for the fields and controls later on this page.



| Date of Departure | Displays the date on which an employee is expected to depart the country. This applies mainly to employees who come into the country for work and leave after a specified duration. |
|---|---|
| **Reason for Departure** | Identify why the employee is leaving Hong Kong: |
| | *Expatriate - Move* |
| | *Expatriate - Returning Home* |
| | *Move to Another Country* |
| | *Other* |
| | This information is required only for the IR56G report. |
| **Destination** | Select the country to which the employee is departing. |
| **Other Reason for Departure** | Enter a description if the reason for departure is *Other* (reasons for departure other than those specified by IRD). |
| **Expected Return Date** | Enter the employee's expected date of return to Hong Kong. |

**Related Links**

Generating Inland Revenue Report Data
Reviewing and Maintaining IR56 Report Data
Generating the IR56B Electronic File

# Setting Up Principal Employers for Part-Time Employees

This section discusses how to set up principal employers for part-time employees.

You can enter the name of the employee's principal employer, which is an organization or agency to which a part-time employee actually belongs. The employee might be working for an organization but actually employed by another (principal) organization. If the information is available, it must be reported in the specific statutory report. This information is required only at the time of printing—it doesn't affect the data creation process.

## Page Used to Set Up Principal Employers for Part-Time Employees

| Page Name | Definition Name | Usage |
|---|---|---|
| Define PT EE Main Employer HKG (define part-time employee main employer HKG) Page | GPHK_PT_ER_HKG | Capture the name of the principal employer for part-time employees. Identifies employees who are working for one organization but are actually employed by another. |

# Setting Up Employee Housing Quarters Details

This section discusses how to set up employee housing quarter details.

Quarters are housing provided to employees by their employer. This benefit can be provided to local employees and expatriates. If employees are provided with housing quarters, the details must be reported on IR56 reports. This information is required only at the time of printing—it doesn't affect the data creation process.

## Pages Used to Set Up Employee Housing Quarters Details

| Page Name | Definition Name | Usage |
|---|---|---|
| Specify Housing Quarters HKG Page | GPHK_EMPL_QTRS | Capture housing quarter information. |
| Specify Housing Quarters HKG - Edit Address Page | EO_ADDR_HKG_SEC | Enter or update the address details for the housing quarter. You can enter the area code, district, and address 1 – 3. |

## Specify Housing Quarters HKG Page

Use the Specify Housing Quarters HKG - Edit Address page (EO_ADDR_HKG_SEC) to enter or update the address details for the housing quarter.

You can enter the area code, district, and address 1 – 3.

**Navigation**

Select the Edit Address link on the Specify Housing Quarters HKG page.

**Image: Specify Housing Quarters HKG page**

This example illustrates the fields and controls on the Specify Housing Quarters HKG page. You can find definitions for the fields and controls later on this page.



## Employee Residence Quarters Details

**Quarters Number**

Displays a running serial number that enables you to enter multiple quarter information for a single employee.

A maximum of two housing quarters (for each employee) are reported on the IR56 reports. Which two rows are reported depends on the occupancy end date.

If an employee was provided with housing quarters at more than two locations in a tax year, a separate IR56B identifying the housing details must be reported. This additional report must contain the additional housing information (above the two locations).

You can enter information for more than two quarters per employee.

| | |
|---|---|
| **Country, Address, Copy Home Address,** and **Edit Address** | Select the Copy Home Address button to populate the Address field from personal data. This is the address where the quarters are located. To change the default address details, select the Edit Address link to access the Edit Address page. |
| **Monthly Rent** | Enter the monthly rent amount here. |
| **Refund of Rent** | Select this check box if the employee has received a rent refund. |
| **Occupancy Begin Date** and **Occupancy End Date** | Enter the dates on which the employee started and stopped occupying the quarters. |
| | When processing the data, the system selects the last two rows of housing quarter information. The information is reported if the period of occupation is during the tax year being processed. |
| | Housing quarters information is reported only if the occupancy dates overlap the processing period. |
| | Housing quarters information that does not have an occupancy end date is selected. Additionally, the occupancy end date that is closest to the period end date is also selected. (For IR56B and IR56M the period end date is the end of the tax year, while for IR56F and IR56G, the period end date is a value that you enter in the run control record.) |
| **Nature of Quarters** | Enter text describing the quarters. |

## Amount Paid By

| | |
|---|---|
| **Employer to Landlord, Employer to Employee, Employee to Landlord,** and **Employee to Employer** | Enter the monthly amount paid by specific people for an employee occupying the housing quarters. This could be a rent refunded to the employee or employer or paid to the employee's landlord. These amounts are reported on the IR56 reports. This amount displays on the IR56 reports. |

## Yearly Amount Paid By

| | |
|---|---|
| **Employer to Landlord, Employer to Employee, Employee to Landlord,** and **Employee to Employer** | Enter the yearly amount paid by specific people for an employee occupying the housing quarters. This could be a rent refunded to the employee or employer or paid to the employee's landlord. |

## Related Links

Generating Inland Revenue Report Data
Reviewing and Maintaining IR56 Report Data
Generating the IR56B Electronic File

# Setting Up Self-Employment Data

Under the provisions of the Hong Kong Business Registration Ordinance, a new business undertaken by an individual or a partnership must be registered with the Business Registration Office within one month of its commencement. If the employee is self-employed, you can enter their employer (trading) name and the business registration number.

## Page Used to Set Up Self-Employment Data

| Page Name | Definition Name | Usage |
|---|---|---|
| Define Self Employed Data HKG Page | GPHK_IR56_ER_HKG | Capture self-employment (employer) details including their employer (trading) name and the business registration number. This information is crucial for the IR56M report. |

# Setting Up Overseas Concern Details

To set up overseas concern details, use the Overseas Concern Details HKG (GPHK_OVSEAS_CNCRN) component.

You can create an identifier and enter the name of the overseas concern (outside Hong Kong). If the employee received an amount from an overseas concern, you must report the name and address of the organization that made the payment. You can enter the amount paid by the overseas concern on the IR56 Monetary Details page.

## Page Used to Set Up Overseas Concern Details

| Page Name | Definition Name | Usage |
|---|---|---|
| Overseas Concern Details HKG Page | GPHK_OVSEAS_CNCRN | Capture overseas concern details including their name and address. |

# Setting Up IR56B and IR56M Starting Sheet Numbers

You can enter the starting sheet number that is allocated to each of the employees for each pay entity in the tax year that you are reporting. The IR56B and IR56M reports include a sheet number (or serial number) that identifies the report for each employee when it is sent to the Inland Revenue Department. Legislation requires that sheet numbers for IR56B should start with *000001* and with *900001* for IR56M.

The data in the underlying table is created during the IR56B/M creation process. When you run the process, it determines whether a serial number exists for the selected pay entity and tax year. If a number is not found, the system creates a row with the default value of *0* for IR56B and *900000* for IR56M.

You can then reset the values if you have been testing the creation process and want to regenerate the data for the final time using the correct starting sheet number.

---

**Note:** If the pay entity is paying its employees in a foreign currency (and you are generating a manual IR56B), set the starting number for IR56B to *900000*.

---

## Page Used to Set Up IR56B and IR56M Starting Sheet Numbers

| Page Name | Definition Name | Usage |
|-----------|-----------------|-------|
| Define IR56B/M Controls HKG Page | GPHK_IR56_CONTROL | Set up starting sheet numbers that identify the IR56 document for each employee when it is sent to the IRD. You can set the starting number for the IR56B and IR56M reports. |

# Setting Up Tax Reference Number Details

To set up tax reference number details, use the Tax Reference Number Dtls HKG (GPHK_TAXREF_TBL) component.

IR56 reports run by tax reference number, which has a major impact on the way the system creates and stores IR56 data. For every employee attached to the pay entity (sharing the tax reference number), the system combines amounts for each year to date element by currency code and stores them in the IR56 result tables. After the process is completed, you can use the IR56 Monetary Details page to enter adjustments to reflect the amount that should be reported on the IR56 documents.

The system captures the contact name, employer number and designation by tax reference number and retrieves the information from the GPHK_TAXREF_TBL.

## Page Used to Set Up Tax Reference Number Details

| Page Name | Definition Name | Usage |
|-----------|-----------------|-------|
| Tax Reference Number Dtls HKG Page | GPHK_TAXREF_TBL | Maintain tax reference number details required for IR56 reporting. You can enter a new tax reference number, create a description, select a signatory, and link multiple pay entities to the tax reference number. A primary indicator check box also enables you to select the main pay entity for the tax reference number. |

# Setting Up Exchange Rate Details

To set up exchange rate details, use the IR56 Exchange Rate Defn HKG (GPHK_IR56_EXCH_TBL) component.

Every year the Inland Revenue Department releases a date that you should use as a reference point for all currency conversion for IR56 reporting. If your organization pays its employees in a currency other than the local currency (HKD), you can maintain the conversion rate and the date used by the IR56 process. The IR56 Exchange Rate Definition page enables you to maintain currency details for a given tax year. The system uses these details for currency conversion when generating IR56 details.

## Page Used to Set Up Exchange Rate Details

| Page Name | Definition Name | Usage |
|-----------|-----------------|-------|
| IR56 Exchange Rate Defn HKG Page | GPHK_IR56_EXCH_TBL | Maintain currency details for a given tax year. The details are used for currency conversion when generating IR56 details. For a specific tax year you can enter a rate type and the date from which the rate will apply. |

**Chapter 5**

# Setting Up Payslips

## Understanding Payslips

The design of the payslip feature enables you to create and control payslips so that they display the data that you want and in the format that you want. You can override templates at lower levels, so you do not have to create multiple templates to cover every payslip scenario that you may have.

## Viewing Delivered Elements

The PeopleSoft system delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in *PeopleSoft HCM: Global Payroll*.

### Related Links

"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

## Description of Processes in Payslip Job

The Payslip page launches a Job (GPKKPYSL) containing two processes in sequence:

1. The Structured Query Report (SQR) GPHKPY01 prints the payslip report and provides self service related information for ePay if ePay is licensed.

2. The GP_EPAY Application Engine process uses the payslip report and self service related information provided by the prior processes in this job to create self-service payslips for each payee.

   If ePay is not licensed, this process will report that ePay has not been licensed and will complete with success.

### Related Links

"Setting Up View Payslip" (PeopleSoft HCM 9.2: ePay)

## Common Elements Used To Set Up Payslips

| | |
|---|---|
| Sequence | Determines the order in which the payslip elements appear. They appear in ascending order. |
| Element Name | The earning, deduction, or absence element name from its name page in its respective component. |

# Creating Payslip Templates

To create payslip templates, use the Templates HKG (GPHK_PSLP_SETUP) component.

This section provides an overview of payslip templates.

## Pages Used to Create Payslip Templates

| Page Name | Definition Name | Usage |
|---|---|---|
| Accumulators Page | GPHK_PSLP | Set up delivery and print exclusion options, column headings (labels), and column contents (rows of accumulators). |
| Earnings and Deductions Page | GPHK_PSLP1 | Create sections of earnings and deductions, select from three description options, and set the element components (from the calculation rule) that the payslip displays. |
| Absence Details Page | GPHK_PSLP2 | Add absence entitlements and absence pro rata elements. The payslip displays the current balance of the entitlement or pro rata. |

## Understanding Payslip Templates

When designing payslips, you can:

• Set the accumulator column labels.

• Select the accumulators to appear under the column labels.

• Create unlimited numbers of rows of accumulators and set the sequence in which they appear.

• Create unlimited sections for earnings and deductions.

• Select the absence types that appear.

• Use standard or customized element descriptions.

• Set delivery options.

• Exclude departments or locations from printing at setup level, but override those exclusions at run time.

## Accumulators Page

Use the Accumulators page (GPHK_PSLP) to set up delivery and print exclusion options, column headings (labels), and column contents (rows of accumulators).

**Navigation**

**Image: Accumulators page**

This example illustrates the fields and controls on the Accumulators page. You can find definitions for the fields and controls later on this page.



**Note:** Select the tabs that are in the scroll area to access additional views of this page. Fields that are common to all views are documented first.

| | |
|---|---|
| **Payslip ID** | Select an ID to attach a single template to multiple pay groups. |
| | **Note:** Only one template can be attached to a pay group at one time. |

## Payslip Template Definition

| | |
|---|---|
| **Delivery Option** | Determines where the hardcopy payslips are sent. Select from a list of internal type addresses, such as department or location, or external addresses, such as home address and mail address, which are recorded in the payee's personal data record. |
| | **Note:** Use the Payslip Delivery Option HKG page to override the delivery destination of the printed payslip from the default delivery option that you select here. The Payslip Delivery Option HKG page is effective-dated to enable you to override the delivery option for a period of time. |
| **Exclude Printing, Department List,** and **Location List** | Select *Location* or *Department* to exclude the printing of specific departments or locations on your payslips. The corresponding links then become available and enable you to select the specific departments or locations that you don't want to display on the payslips during the print process. You can select multiple locations or departments. |

If you want to print a location or department that you previously excluded, you can override this on the Create/Print Payslips HKG page before you run the print process.

---

**Note:** If you enter a pay entity as the reprint option on the Create/Print Payslips HKG page and you exclude a location that is part of that pay entity, it is not printed.

---

## Accumulator Labels

Enter the column heading labels for the accumulators that appear across the page on the printed payslip.

## Accumulators 1 to 3 Tab

Access the Accumulators 1 to 3 tab.

| | |
|---|---|
| **Sequence** | Enter a sequence number to set the order in which the accumulators appear. They appear in ascending order. |
| **Description** | Enter a description of each accumulator row. |
| **Accumulator 1, Accumulator 2,** and **Accumulator 3** | Select the accumulators to display for the corresponding column. Accumulator 1 values appear under the column 1 label, accumulator 2 values appear under the column 2 label, and so on. |

For example, you might have already have entered a description of sequence 1 and 2 as current and year to date. If you also want to display quarter-to-date accumulated amounts, you must create a new row, give the new row the description value of *QTD,* and select the accumulators that correspond to the column headings (labels).

## Accumulators 4 to 6 Tab

Access the Accumulators 4 to 6 tab.

Set up accumulators 4 to 6 on this tab. This is the same as the Accumulators 1 to 3 tab, except that it doesn't have sequence or description fields because the same sequence number and description apply to all six accumulators in the row.

### Accumulators on Printed Payslips

**Image: Columns and rows on the payslip in the Pay Summary region**

The following diagram shows how column labels, sequences descriptions, and accumulator numbers work together on the printed payslip:

|  | Column 1 Label | Column 2 Label | Column 3 Label | Continued |
|---|---|---|---|---|
| Seq 1 Description | Accum 1, Seq 1 | Accum 2, Seq 1 | Accum 3, Seq 1 |  |
| Seq 2 Description | Accum 1, Seq 2 | Accum 2, Seq 2 | Accum 3, Seq 2 |  |
| Seq 3 Description | Accum 1, Seq 3 | Accum 2, Seq 3 | Accum 3, Seq 3 |  |
| Continued |  |  |  |  |

### Related Links
Overriding Payslip Delivery Options

# Earnings and Deductions Page

Use the Earnings and Deductions page (GPHK_PSLP1) to create sections of earnings and deductions, select from three description options, and set the element components (from the calculation rule) that the payslip displays.

**Navigation**

Set Up HCM  > Product Related  > Global Payroll & Absence Mgmt  > Payslips  > Templates HKG  > Earnings and Deductions

**Image: Earnings and Deductions page: Element Details tab**

This example illustrates the fields and controls on the Earnings and Deductions page: Element Details tab. You can find definitions for the fields and controls later on this page.



## Common Page Elements

| | |
|---|---|
| **Description** | You can create and name an unlimited number of sections. Create each section by entering a sequence number for it and a name, such as earnings. |
| | You can determine the sequence for the individual earning and deduction elements that appear under these sections. |
| **MPF Section** (mandatory provident fund section) | Select to display the following mandatory provident fund (MPF) details on payslips: |

- Employer mandatory contribution period.

- Employee mandatory contribution period.

- Total base on which MPF was calculated.

- Contribution pay date to trustee.

All of the related information is stored and retrieved from the MPF result table (GPHK_MPF_RSLT).

### Element Details Tab

Access the Element Details tab.

| | |
|---|---|
| **Display YTD Units** (display year-to-date units) and **Display YTD Amount** (display year-to-date amount) | Select these check boxes to have the year-to-date units and amounts for each element appear in the payment details region under the heading *Year to Date Values.* |

### Element Components Tab

Access the Element Components tab.

| | |
|---|---|
| **Description Type** and **Description** | You can create a custom description of each element. Select the following values for each element: |
| | *Custom:* A field becomes available that enables you to change the default name of the element. For example, *Basic Salary 1.* |
| | *Description:* The default element description appears. For example, *Basic Salary.* |
| | *Element Name:* The default system element name appears. For example, *BASSAL.* |
| **Print Base, Print Percentage, Print Rate,** and **Print Unit** | These check boxes represent the components of the calculation rule for the element. Select the components to show for each earning or deduction on the component. You can select only the components that are in the calculation rule for the element. For example, for earnings with the calculation rule (unit) × (rate), only the unit and rate check boxes are available for entry. |
| | If the component is not in the calculation, the check box is cleared and unavailable for selection. |
| | **Note:** The amount always appears, so it isn't an option here. |

## Absence Details Page

Use the Absence Details page (GPHK_PSLP2) to add absence entitlements and absence pro rata elements.

The payslip displays the current balance of the entitlement or pro rata.

**Navigation**

Set Up HCM > Product Related > Global Payroll & Absence Mgmt > Payslips > Templates HKG > Absence Details

**Image: Absence Details page**

This example illustrates the fields and controls on the Absence Details page. You can find definitions for the fields and controls later on this page.
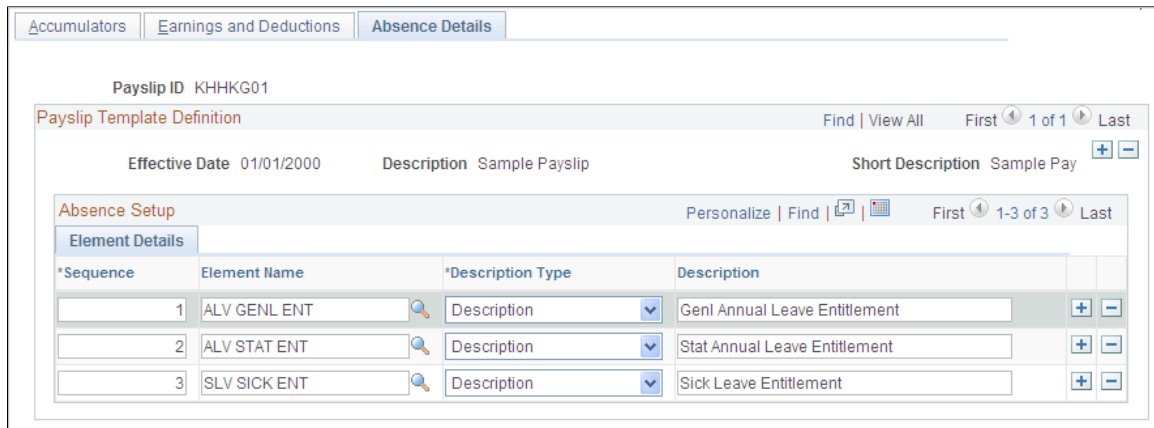


Select the absence elements to display in the absence section of the payslip and the sequence in which these elements appear.

Use this page the same way that you use the Earnings and Deduction page. Enter a sequence number and an element name, and select one of three descriptions.

# Attaching Payslip Templates to Pay Groups

To attach payslip templates to pay groups, use the Link to Pay Group HKG (GPHK_PYGRP_PSLP) component.

This section discusses how to attach payslip IDs to pay groups.

## Page Used to Attach Payslip Templates to Pay Groups

| Page Name | Definition Name | Usage |
|-----------|-----------------|-------|
| Link to Pay Group HKG Page | GPHK_PYGRP_PSLP | Attach the payslip template to pay groups. |

## Link to Pay Group HKG Page

Use the Link to Pay Group HKG page (GPHK_PYGRP_PSLP) to attach the payslip template to pay groups.

**Navigation**

Set Up HCM > Product Related > Global Payroll & Absence Mgmt > Payslips > Link to Pay Group HKG > Link to Pay Group HKG

**Image: Link to Pay Group HKG page**

This example illustrates the fields and controls on the Link to Pay Group HKG page. You can find definitions for the fields and controls later on this page.
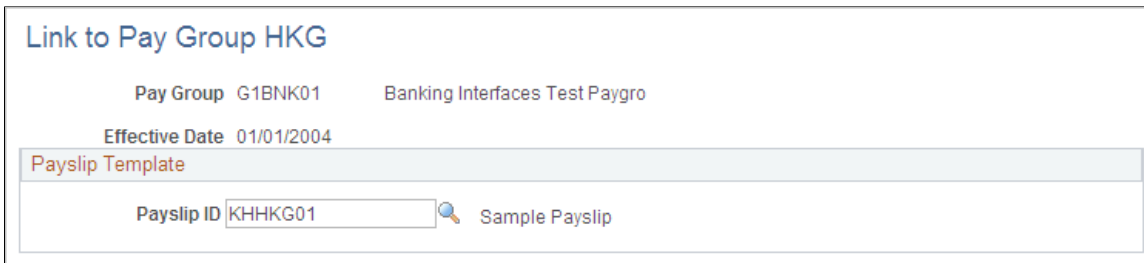


| | |
|---|---|
| **Payslip ID** | After you create the payslip, attach the template to pay groups.<br><br>**Note:** You can only attach one template to a pay group at one time. |

### Related Links

Creating Payslip Templates

# Creating Payslip Messages

To create payslip messages, use the Messages HKG (GPHK_PSLP_MSG) component.

This section discusses how to create payslip messages.

## Page Used to Create Payslip Messages

| *Page Name* | *Definition Name* | *Usage* |
|---|---|---|
| Messages HKG Page | GPHK_PSLP_EXT | Create payslip messages and control who receives the messages. |

## Messages HKG Page

Use the Messages HKG page (GPHK_PSLP_EXT) to create payslip messages and control who receives the messages.

**Navigation**

• Set Up HCM > Product Related > Global Payroll & Absence Mgmt > Payslips > Messages HKG > Messages HKG

• Global Payroll & Absence Mgmt > Payslips > Add Payslip Messages HKG > Messages HKG

**Image: Messages HKG page**

This example illustrates the fields and controls on the Messages HKG page. You can find definitions for the fields and controls later on this page.



You can configure text messages that appear on payslips and select the recipient level to which the message is distributed. You can select the following recipient levels:

• All employees who are identified in the calendar group.

• All payees who are associated with a group build ID.

• Employees who are in a specific employee list.

| | |
|---|---|
| **Message Number** | Enter the message ID that the system uses to receive the correct message for the correct payees. Arrays and formulas combine to retrieve the correct message. You can enter multiple numbers for multiple messages. |
| **Message Level** and **Group ID** | Select the recipient of the message: |
| | *All:* All payees that are identified in the calendar group. |
| | *Group:* All payees that are included in a group that is built by using the Group Build Definition feature in HR (called VC Group Build in Variable Compensation). If you select this value, the Payee Message link becomes unavailable for selection and you can select a group ID. |
| | The HK AR GRP BLD ID array extracts all employees that exist for the group build ID that might also exist for the calendar group ID. This array uses the processing formula HK FM GRP BLD ID. The array extracts all employees from the Group Build result table (GB_GRP_RES_TBL). |
| | *Group List:* All payees that are in a list that is built by using the Global Payroll Group List feature. If you select this value, the Payee Message link becomes available for selection. |
| **Message** | Enter the text of the message that is to appear on selected payslips. |

**Note:** The HK AR PSLP MSG writable array extracts the payslip message level and message. It uses the processing formula HK FM PSLP MSG, which retrieves the correct message for the correct calendar group ID. This array extracts all fields from the payslip message record (GPHK_PSLP_MSG) and writes the message to the writable array result table (GPHK_PSLP_RSLT). The writable array stores data from certain system elements, such as the pay period to and from dates and payslip messages.

**Chapter 6**

# Defining Earnings

## Understanding Earnings in Hong Kong

PeopleSoft has created several earnings to demonstrate the flexibility of the Global Payroll rules to meet common processing requirements. The following sections discuss:

- Ways that you can use earning and supporting elements to produce the desired results.

- How PeopleSoft meets specific earning processing requirements.

**Note:** User keys enable you to track an accumulator at levels lower than the employee record. This directs the system to maintain different accumulated numbers for each of the locations where employees work. User key 1 for all earnings on the Earnings Accumulators page is PAY ENTITY. (This is required by Inland Revenue Reporting.) User key 2 for all year-to-date accumulators is CM VR BAL GRP ID (balance group ID).

### Related Links

"Understanding Earning and Deduction Elements" (PeopleSoft HCM 9.2: Global Payroll)

## Viewing Delivered Elements

The PeopleSoft system delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in *PeopleSoft HCM: Global Payroll*.

### Related Links

"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

## Understanding Subsetting

Subsetting enables a group of earnings to be paid for a calendar. For example, during a regular calendar run, you commonly pay basic salary and other earnings. In a 13th month off-cycle calendar run, you are required to pay only 13th month pay.

A variable is overridden at the calendar level. The variable contains the subset type. A formula determines whether the variable is for a subset type such as 13th month pay. The formula is attached to the process list condition and the section resolves if the formula is true.

The 13th month pay formula CM FM 13MTH SUBSET resolves if the variable CM VR SUBSET TYPE is 13MTH (for 13th month pay).

The variable CM VR SUBSET TYPE stores the calendar subset type. You attach the variable on the calendar override page and assign it the appropriate run. The variable is used in a section conditional formula to resolve the section based on the calendar. For example, to run a regular subset type, assign the value REGULAR to the variable. If you run an off-cycle 13th month pay run, assign the value 13 MONTH to the variable. Only the 13th month section is resolved.

**Related Links**

Calculating the Thirteen Month Pay

# Understanding Delivered Earning Elements

In the following table, the first column combines the name and description of the earning. A (GC) in the row indicates that the earnings have a generation control. The other four columns indicate the earning calculation rule of Unit × Rate, Unit × Rate × Percent, or Amount. The formulas used for some of the earnings are discussed in further detail. (SE) indicates a system element, and (N) indicates numeric.

| Name and Description | Unit | Rate | Base | Percent | Amount |
|---|---|---|---|---|---|
| Regular Pay | | | | | |
| BASSAL Basic salary | | | | | COMPRATE |
| BASHLY Basic hourly | Payee Level | HOURLY RT (SE) | | | |
| Overtime | | | | | |
| OT1.5 Overtime 1.5× | Payee Level | HOURLY RT (SE) | | 150 | |
| OTFIX Overtime fix | Payee Level | 200 (N) | | | |
| Shifts | | | | | |
| SHNT1.3 Shift 1.3× | Payee Level | HOURLY RT (SE) | | 130 (N) | |
| SHNTFIX Shift fix | Payee Level | 200 (N) | | | |
| Allowances | | | | | |
| TYPHOON Typhoon allowance | Payee Level | HOURLY RT (SE) | | 200 (N) | |
| BLCKRAIN Black rain allowance | Payee Level | HOURLY RT (SE) | | 200 (N) | |
| MEAL Meal allowance | | | | | 2000 (N) |

| Name and Description | Unit | Rate | Base | Percent | Amount |
|---|---|---|---|---|---|
| MEALREIM Meal reimbursement | | | | | Payee Level |
| MOBILE Mobile and pager allowance (GC) | | | | | 250 (N) |
| HSING Housing allowance | | | | | ALW FM HOUSING |
| RENTREIM Rent reimbursement | | | | | Payee Level |
| EDALLOW Education allowance (GC) | | | | | Payee level |
| GRA Gratuity (GC) | | | | | Payee Level |
| 13MTHPAY 13th month payment (GC) | | | OE FM 13MTH BASE | 100 (N) | |
| CASHADV Cash advance (GC) | | | BASSAL | Payee Level | |
| HOLIDAY PAY Holiday Allowance (GC) | HOLIDAY FM DYS | EO FM AVG DLY WGE | | | |
| ANN LVE PAY Annual Leave Pay | Payee Level | EO FM ANN LV WG | | | |
| SCK LVE PAY Sick Leave Pay | Payee Level | EO FM SCK LV WG | | 80 (N) | |
| MLV LVE PAY Maternity Leave Allowance | Payee Level | EO FM MAT LV WG | | 80 (N) | |
| Leave (Absence) | | | | | |
| DY WAGE 80 80 percent of daily wages | Payee Level | CM FM DAILY WAGE | | 80 (N) | |

| Name and Description | Unit | Rate | Base | Percent | Amount |
|---|---|---|---|---|---|
| LWOP<br><br>Leave without pay | Payee Level | DAILY RT (SE) | | 80 (N) | |
| LWOP2<br><br>Leave without pay for hourly rates | Payee Level | HOURLY RT | | | |
| SEV/LSP<br><br>Severance and long service | | | | | TER FM LSP PAYMT |
| Termination | | | | | |
| ANN LIEU Annual leave in lieu | TER FM ALV BAL | CM FM DAILY WAGE | | | |
| TER 13TH PAY<br><br>13th payment termination | | | TER FM 13TH PAY | 100 (N) | |
| NOTICE WAGE Wage in lieu of notice | Payee Level | EO FM NOTICE WAGE | | | |

# Calculating Basic Salary Earnings

Basic salary (BASSAL) is an earning element with a flat amount that is paid at the earning level only. Basic salary is paid once per month for permanent employees, in the first month for new hires, and in the last month for terminated employees.

The calculation rule is Amount which is the system element COMPRATE—the monthly compensation rate of the payee.

The system uses pay group proration whenever there is a partial period or when a pay rate change occurs during the pay period. Following are examples of the partial basic salary earning calculation:

### Example 1

An employee is hired on February 20, 2000 with a salary of 1000 HKD. The basic salary is calculated as:

$10 / 29 \times 1000 = 344.83$

### Example 2

If an employee salary increases to 1200 HKD effective March 18, 2000, then the March basic salary is calculated as:

$$(17 / 31 \times 1000) + (14 / 31 \times 1200) = 548.39 + 541.94 = 1090.33$$

# Calculating Basic Hourly Earnings

Basic hourly earning (BASHLY) is the monthly income for hourly employees. It is paid once per pay period to the entire hourly pay group. The system uses the hourly rate to calculate monthly income for hourly employees.

The calculation rule is Unit × Rate:

- Unit is the number of hours worked.

- Rate is the system variable HOURLY RT.

Hourly rate is calculated from the compensation rate of the employee. The number of hours is entered at the positive input level. When a pay rate change occurs during the pay period, the system variable returns the correct hourly rate.

# Calculating Overtime Earnings

Two earning elements exist for overtime:

- OT1.5 calculation rule is used to pay time-and-a-half.

- OT FIX calculation rule is used to pay a fixed amount of 200 HKD.

## OT1.5 Calculation Rule

The overtime rate is 1.5 times the standard hourly rate.

The OT1.5 calculation rule is Unit × Rate × Percent:

- Unit is the number of overtime hours at the payee level.

- Rate is the system variable HOURLY RT.

- Percent is 150.

### Example

If an employee worked 7.5 overtime hours and the standard hourly rate is 400 HKD, the overtime payment is calculated as:

$$7.5 \times 1.5 \times 400 = 4500$$

## OT FIX Calculation Rule

Employees who work overtime and leave the office after 21:00 hours are paid a fixed amount of 200 HKD.

The OT FIX calculation rule is Unit × Rate:

- Unit is the number of days that the employee worked overtime and left after 21:00 hours, determined at the payee level.

- Rate is a fixed numeric value of 200 HKD.

### Example

If an employee worked three days overtime and left the office after 21:00, the overtime payment is calculated as:

$3 \times 200 = 600$

Enter unit amounts for overtime earnings using positive input. In Hong Kong, the overtime payment for the previous month might be paid in the current month. When the pay date is a few days before the pay period end date, the overtime hours between the pay date and pay period end date are unknown. Consequently, when overtime earnings for a previous month are paid in the current period, the system treats it as retroactive pay.

# Calculating Shift Allowance Earnings

Two earnings for shift allowances are paid once per month to compensate employees who work overnight. Like overtime, there is an earning element to pay a fixed amount (SHNTFIX) and another to pay 130 percent of the hourly rate (SHNT1.3). This section discusses how to:

- Calculate SHNTFIX earnings.

- Calculate SHNT1.3 earnings.

# Calculating SHNTFIX Earnings

The SHNTFIX calculation rule is Unit × Rate:

- Unit is the number of overnight shifts that the payee worked.

- Rate is a fixed numeric value of 100 HKD.

# Calculating SHNT1.3 Earnings

The SHNT1.3 calculation rule is Unit × Rate × Percent:

- Unit is the number of overnight shifts that the payee worked.

- Rate is the system variable HOURLY RT.

- Percent is 130.

# Calculating Typhoon and Black Rain Allowances

Typhoon (TYPHOON) and black rain (BLCKRAIN) allowances are intended to compensate employees for inconveniences caused by typhoons or black rain duty. Both typhoon and black rain compensations are paid monthly. This section discusses how to:

- Calculate TYPHOON allowances.

- Calculate BLCKRAIN allowances.

## Calculating TYPHOON Allowances

The TYPHOON calculation rule is Unit × Rate × Percent:

- Unit is the number of hours that the employee worked during a typhoon advisory.

- Rate is the system variable HOURLY RT.

- Percent is 200.

## Calculating BLCKRAIN Allowances

The BLCKRAIN calculation rule is Unit × Rate × Percent:

- Unit is the number of hours that the employee worked during a black rain advisory.

- Rate is the system variable HOURLY RT.

- Percent is 200.

# Calculating Meal Allowances

A fixed meal allowance (MEAL) of 2000 HKD is defined at the earning assignment level as a recurring payment and paid each month to employees in the salary pay group.

The MEAL calculation rule is Amount:

Amount is fixed at 2000 HKD.

# Calculating Meal Reimbursement

Meal reimbursement (MEALREIM) is a nontaxable meal expense. You can set the maximum claiming limit for every claim.

The calculation rule is Amount:

Amount is established at the payee level using positive input.

While meal reimbursement (MEALREIM) has no minimum amount limit, it does have a maximum limit of 100 HKD per claim. Therefore, for every claim, you can reimburse the lower of 100 HKD or the exact expense from the bill to the employee. Each month can have multiple instances of claims. The total amount of monthly claims is paid as part of the monthly salary.

## Example

Following is a simple example with one positive input instance of 110 HKD. If an employee is paid 110 HKD, but the maximum earnings limit is 100 HKD, the system pays 100 HKD. If the 110 HKD payment is spread over multiple positive input instances, the system still compares it to the paid sum.

In this case, the system determines whether the accumulated monthly amount exceeds the monthly maximum amount of 100 HKD. The system displays a warning message and pays only 100 HKD, because 110 HKD is greater than 100 HKD.

With multiple positive input (PI) instance paid:

| PI Instance | Amount HKD | Accumulator HKD | < or > HKD | Resolve HKD |
|-------------|-----------|-----------------|-----------|-------------|
| 1 | 40 | 40 | < 100 | 40 |
| 2 | 40 | 80 | < 100 | 40 |
| 3 | 40 | 120 | > 100 | 20 |

While the system pays PI instance 1 and 2, PI instance 3 exceeds the maximum amount by 20 HKD. In this case, the system resolves 20 HKD for PI instance 3.

Depending on the frequency, the maximum amount is converted to the calendar period maximum amount (monthly or annual frequency). For example, if you select a frequency of annual, the process deannualises the maximum amount.

The formula FM MAX AMT determines whether the earning accumulated amount exceeds the maximum. The accumulated amount is used is because the system must calculate the total amount paid through positive input.

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# Calculating Mobile Phone and Pager Allowance

MOBILE is a nontaxable expense for using mobile phones or pagers.

The calculation rule is Amount:

Amount is a fixed numeric value of 250 HKD.

The mobile and pager allowance is 250 HKD per month, payable at the earnings level for the salaried pay group.

The generation control CM GC RSLV ONCE stops the allowance from resolving twice if period segmentation occurs.

# Calculating Housing Allowances

The housing allowance (HSING) is a monthly taxable benefit.

The calculation rule is Amount:

Amount is set by the formula ALW FM HOUSING.

# Working with the ALW BR HOUSING Bracket

This section discusses how to work with ALW BR HOUSING bracket.

This HSING earning element pays the housing allowance. The amount depends on the salary grade of the payee. The ALW BR HOUSING bracket stores the salary grade and the corresponding housing allowance amount.

### Example

A Grade 001 payee is paid 10000 HKD and a Grade 003 payee is paid 5000 HKD. The ALW BR HOUSING bracket stores the following information:

| Salary Grade | Monthly Housing Allowance |
|---|---|
| 001 | 10,000 |
| 002 | 8000 |
| 003 | 5000 |
| 004 or lower | NA (ineligible) |

This customary bracket enables you to update or add additional grades and allowance amounts. The system compares the salary grade of the payee to the ALW BR HOUSING bracket and pays the corresponding allowance. If the salary grade of the payee is not found, the system pays a zero allowance. The earnings are paid at the earning assignment level because it is a recurring monthly payment.

**Note:** Only employees in the salaried pay group are eligible for this benefit.

# Calculating Rent Reimbursement

Rent reimbursement (RENTREIM) is used to pay accommodation costs of employees when they are working far from home.

The calculation rule is Amount:

Amount is entered through positive input at the payee level.

This earning element has no maximum amount limit. When the claim of the employee is approved, the employee receives the rent reimbursement in the current pay period.

**Note:** Employees can have one rent reimbursement per month. Multiple instances are not allowed.

# Calculating Education Allowances

Your organization might set up scholarship programs for employees. The education allowance (EDALLOW) is paid once per year. This fixed scholarship amount is granted to employees when their dependent receives an offer from the recognized institute.

The calculation rule is Amount:

Amount is set at the payee level through positive input.

Employees can apply for the education allowance again in future academic years. No refund is made when their dependents drop out of a course, or if the employee is terminated.

Because the education allowance is paid as a flat amount and as a recurring override, you can enter the amount at the payee earning assignment level. The reason for this is that the education allowance is paid when the scholarship is granted.

The generation control CM GC RSLV ONCE ensures that the allowance is paid only once per year if period segmentation occurs.

# Calculating Gratuity Earnings

Gratuity (GRA) is a single payment to contract workers at the end of a contract or when a contractor leaves.

The calculation rule is Amount:

Amount is set at the payee level.

This section discusses how to:

- Use generation control in gratuity calculation.

- Use formulas in gratuity calculation.

## Using Generation Control in Gratuity Calculation

Gratuity is paid to employees working on contract by using the generation control OE GC GRA. The system automatically pays gratuity based on the contract end date and resolves the amount using the generation control. When the employee is unable to finish the contract, the amount of the gratuity is prorated. No proration rule applies because of the many ways gratuity can be paid in Hong Kong. It is up to the organization to pay prorated gratuity when contract employees cannot finish the contract period.

While you enter gratuity at the earning assignment level, it is resolved once through generation control.

## Using Formulas in Gratuity Calculation

Gratuity earnings resolve if the contract end date occurs during the current pay period. If the contract end date is outside the current pay period, the gratuity is not paid. The OE FM CNTR EXPIRE formula determines whether the contract end date occurs during the current pay period and uses segment begin and end date so that the earnings are not paid twice during period segmentation.

# Calculating the Thirteen Month Pay

It is common in Hong Kong to pay employees an extra month of basic salary. The system pays the basic salary as of the last period of the last calendar year. The 13MTHPAY earning element is payable only on the Chinese New Year. For example, the Chinese New Year off-cycle run is during either January or February, but basic salary is paid as of December of the last calendar year.

The calculation rule is Base × Percent:

- Base is set by the formula OE FM 13MTH BASE (base pay).

- Percent is 100.

## Understanding 13th Month Pay Proration

This section discusses the 13th month pay proration.

Proration applies to 13th month pay. The proration calculates the total days of service for the employee divided by the number of days in a calendar year.

If the hire date of the employee is before the start of the last calendar year, then no proration occurs. If the hire date of the employee is after the start of the last calendar year, proration is calculated as follows:

The following system parameters are considered in the payment calculation:

Prorated 13th month pay is paid if the permanent employee has worked fewer than twelve months. The following system parameters are considered in the payment calculation:

- Factor: 100 percent of basic salary.

- Salary day: December 31, 2000.

- Cut off day: November 1, 2000.

- Proration rule: (Service period in year) / (Calendar days in year) × basic salary.

### Example 1: Receiving the Full Factor

An employee is hired on February 2, 1999. Their basic salary as of December 31, 2000 is 12000 HKD. The 13th month pay for the employee = 12000 HKD.

### Example 2: Employee Joins After Cut-off Day

An employee is hired on November 1, 2000. Their basic salary as of December 31, 2000 is 20000 HKD. The 13th month pay for the employee is zero.

### Example 3: Proration Rule Applied

An employee is hired on January 10, 2000. Their basic salary as of December 31, 2000 is 30000 HKD. The 13th month pay for the employee is calculated as:

$(357 / 366) \times 30000 = 29262.30$

**Note:** Terminated employees are eligible for prorated 13th month pay only if they have completed their probation period.

## Using Generation Control in the 13th Month Pay Calculation

Generation control OE GC 13MTH PAY is used to resolve the earnings based on the cut-off date. The cut-off date is entered at the pay group override level. The earnings are paid through earning assignment with begin and end dates so that they are paid once during the Chinese New Year.

### Related Links

Calculating 13th Month Payment

# Calculating Cash Advances

An employee can be paid a cash advance of 50 percent of basic salary (CASHADV), which one must pay back in installments over five months.

The calculation rule is Base × Percent:

• Base is the earning element BASSAL—base salary.

• Percent is set at the payee level.

The generation control CM GC RSLV ONCE prevents the allowance from being paid more than once if period segmentation occurs. Generation control also ensures that the allowance is paid only once per year.

**Note:** The CASHADVR deduction with the formula DED FM CASHADVR that calculates 20 percent of the goal amount enables the employee to pay back the cash advance.

### Related Links

Calculating Cash Advance Recovery

# Calculating Holiday Allowances

The number of holidays in a month is calculated by the formula HOLIDAY FM DYS, which picks the number of holidays from the holiday schedule defined for the employee. The first holiday in the month is used as the specified date.

This earning will be paid for the holidays after the first 3 months of employment.

Negative earning (HOL PAY NEG) is used to deduct the corresponding leave pay from basic income.

Holiday allowances are displayed in the calculation results only if the holiday type *Hong Kong Statutory Holiday* is maintained in the holiday schedule. If the Holiday Schedule component has value only for *Standard Holiday* and not *Hong Kong Statutory Holiday*, then holiday allowances cannot be calculated.

### Related Links
"Setting Up Holiday Schedules" (PeopleSoft HCM 9.2: Application Fundamentals)

# Calculating Annual Leave Pay

Annual Leave pay is paid if the employee has taken statutory annual leave (ALV STAT TKE).

The units for this earning is the number of days of annual leave. The specified date is the first day of the leave.

Negative earning (ANN PAY NEG) is used to deduct the corresponding leave pay from basic income.

# Calculating Sick Leave Pay

Sick leave pay is paid if the employee has taken the statutory sick leave (SLV STAT TKE). This earning will be paid only in cases where the leave is taken for more than 4 consecutive days. If it is taken for less than 4 days, then this earning will not be calculated.

The Absence take (SLV STAT TKE) has been modified to generate this earning (SCK LVE PAY) as positive input whenever the take has been taken for more than 4 consecutive days. This earning will be 4/5th of the product of average daily wages and number of days of sickness (>=4).

The units for this earning is the number of days of sick leave (>=4). The specified date is the first day of the leave.

Negative earning (SICK PAY NEG) is used to deduct the corresponding leave pay from basic income.

# Calculating Maternity Leave Allowance

Maternity Leave Pay is paid if the employee has taken statutory maternity leave (MLV STAT TKE). This earning is paid for the payees who have been employed under a continuous contract for not less than 40 weeks.

The specified date is the first day of the leave.

Negative earning (MAT PAY NEG) is used to deduct the corresponding leave pay from basic income.

# Calculating Absence and Termination Earnings

This section discusses how to:

- Calculate annual leave instead of annual leave entitlement.

- Calculate eighty percent of daily wages.

- Calculate leave without pay (LWOP and LWOP2).

- Calculate severance and long service payments (LSP).

- Calculate thirteenth month payment on termination.

## Calculating Annual Leave Instead of Annual Leave Entitlement

The ANN LIEU is a payment in lieu of annual leave entitlement. This earning element is used to pay terminated employees for unused annual leave or for part of their annual leave entitlement before the leave is forfeited.

The calculation rule is Unit × Rate:

- Unit is set by the formula TER FM ALV BAL.

- Rate is set by the formula CM FM DAILY RATE.

ANN LIEU is a taxable earning element, which means that it contributes to the annual taxable accumulator. ANN LIEU is also used to pay employees when they accept the payment from their employer to offset part of their annual leave. This is a positive input and the unit of ANN LIEU is overridden by the number of adjusted days from the annual leave balance.

**Note:** ANN LIEU can be a negative value because general employees in Hong Kong are allowed to have a negative balance.

### Related Links
Calculating Annual Leave
Calculating Unused Annual Leave

## Calculating 80 Percent of Daily Wages

The DY WAGE 80 earning element is 80 percent of average earnings paid to statutory employees when taking maternity leave or sick leave. Employees are eligible for maternity leave payments after 40 weeks of continuous service. The entitlement is granted when the leave occurs and the paid maternity period is 70 days from the maternity commencement date. The absence period can be shorter but not longer than 70 days. Unpaid maternity is treated as LWOP.

The calculation rule is Unit × Rate × Percent:

- Unit is set at the payee level.

- Rate is set by the formula CM FM DAILY WAGE.

- Percent is 80.

**Note:** 80 percent of the daily wage of an employee is covered for valid maternity leave for statutory employees and 100 percent coverage for general employees.

### Related Links

Calculating Sick Leave

Calculating Maternity Leave

## Calculating Leave Without Pay (LWOP)

The total LWOP (Units × Daily Rate) is subtracted from the basic salary of the employee if the employee takes leave without pay.

The calculation rule is Unit × Rate:

*   Unit is set at the payee level.

*   Rate is the system variable DAILY RT.

*   Percent is 80.

**Note:** The LWOP earning element is used for salary based employees. The LWOP2 earning element is used by weekly employees as it uses an hourly rate.

### Related Links

Calculating Leave Without Pay

## Calculating Leave Without Pay (LWOP2)

The LWOP2 earning element is used for leave without pay for hourly rates (for weekly employees— as it uses an hourly rate).

The calculation rule is Unit × Rate:

*   Unit is set at the payee level.

*   Rate is the system variable HOURLY RATE.

**Note:** To be able to use the LWOP2 earning and absence take correctly, you have to deselect the eligibility for positive input check box. If you do not do this, LWOP and LWOP2 will both be processed for an employee. An employee can only receive one or the other, depending on their eligibility.

### Related Links

Calculating Leave Without Pay

## Calculating Severance and Long Service Payments

Terminated employees might have severance (SEV) or long service payments (LSP), but not both. The SEV/LSP earning element is processed in the TER SE MAIN section and is a nontaxable payment. An employer should pay severance when an employee who has been employed under a continuous contract for no fewer than 24 months is dismissed by reason of redundancy. An employer should pay long service payments when an employee has been employed no fewer than five years under a continuous contract.

The calculation rule is Amount:

Amount is set by the formula TER FM LSP PAYMT.

The variable TER VR LSP CEILING stores the maximum ceiling of average wages which is currently 15000 HKD.

The variable TER VR MAX LSP stores the maximum LSP amount used in the bracket.

The formula TER FM LSP PERIOD is used as the search key of the bracket TER BR LSP ENT.

The bracket TER BR LSP ENT stores the list of years of service and maximum claimable LSP amounts.

### Related Links
Calculating Severance and Long Service Leave Payments

## Calculating 13th Month Payment on Termination

If an employee is eligible for 13th month pay and is terminated after three months of continuous service, prorated 13th month pay is paid when the employee is terminated. The TER 13TH PAY earning element is used to pay the 13th month payment for terminated employees.

The calculation rule is Base × Percent:

• Base is set by the formula TER FM 13TH PAY.

• Percent is 100.

The prorated 13th month payment calculation is:

(Duration between service date and termination date) / 365 × (monthly rate)

If the employee received current year 13th month pay before Chinese New Year, (terminated on June 2000) and received 13th month pay in February 2000, the prorated 13th month payment is calculated as:

(Duration between January 1, 2000 and termination date) / 365 × (monthly rate)

Factor 365 is used even in a leap year.

**Note:** The 13th MTH PAY is different from the TER 13TH PAY (termination) earning element. The 13th MTH PAY earning element is the calculation of the regular year end. TER 13TH PAY is used exclusively for the TER SE MAIN termination section.

### Related Links
Calculating 13th Month Payment
Calculating Absence Entitlements on Termination

## Calculating Wages in Lieu of Notice

This earning is calculated for an employee when a positive input is provided. The notice period is in months; for example, 1 or 1.5. The notice date also needs to be provided as a Supporting Element

Override for the variable (EO VR NOTICE DATE). This earning is calculated only if both values are provided.

The notice date is considered the specified date for this earning. Note that this earning will calculate the average monthly wage and not the average daily wage.

# Calculating Amount Earnings

This section discusses:

- Flat amounts.

- Formula-based amounts.

## Flat Amounts

For Hong Kong, there are eight earnings with the calculation rule Amount. Two are flat amounts:

- Meal allowance (MEAL).

- Mobile and pager (MOBILE).

### Related Links
Calculating Meal Allowances
Calculating Mobile Phone and Pager Allowance

## Formula-Based Amounts

The housing allowance uses the ALW FM HOUSING formula to find the earning amount that stores the salary grade and the corresponding housing allowance amount.

The gratuity earnings use the formula OE FM CNTR EXPIRE to determine whether the contract dates occur during the current pay period and use segment begin and end dates so that the earnings are not paid twice in period segmentation.

The termination earnings use formula OE FM ROLL AVG to calculate the rolling average amount. The formula calls a historical rule to retrieve the amount from an accumulator. The formula then calculates the average from the amount retrieved.

The severance and long service leave earnings use formula TER FM LSP PAYMT to return the severance payment or long service payment, depending on the year of service and the action reason.

### Related Links
Calculating Housing Allowances
Calculating Gratuity Earnings
Calculating Absence and Termination Earnings
Calculating Severance and Long Service Payments

# Calculating Mandatory Provident Fund Earnings

Not all earnings are included in Mandatory Provident Fund (MPF) calculations. Earnings that are included in the MPF calculation are considered relevant income and include wages, salaries, leave pay, fees, commissions, bonuses, and gratuities. Examples of earnings that are excluded from MPF calculations are severance payments and long service leave payments. The following earnings are included as relevant earnings in MPF calculations:

| Name of Earning | Description |
|---|---|
| BASSAL | Basic salary |
| OT1.5 | Overtime 1.5 × |
| OTFIX | Overtime fix |
| SHNT1.3 | SHIFT1.3 × |
| SHNTFIX | Shift fix |
| GRA | Gratuity |
| 13MTHPAY | Thirteenth month pay |
| TYPHOON | Typhoon allowance |
| BLCKRAIN | Black rain allowance |
| MOBILE | Mobile and pager allowance |
| BASHLY | Basic hourly salary |
| HSING | Housing allowance |
| HOLIDAY PAY | Holiday allowance |
| ANN LVE PAY | Annual leave pay |
| SCK LVE PAY | Sick leave pay |
| MLV LVE PAY | Maternity leave allowance |
| HOL PAY NEG | Negative holiday pay |
| SICK PAY NEG | Negative sickness allowance |
| MAT PAY NEG | Negative maternity pay |
| ANN PAY NEG | Negative annual leave pay |

These earnings are included in the monthly accumulator MPF AC REVLNT INCM that is based on the pay period end date and the user key of EmplID (employee identification).

# Calculating Rolling Average Earnings

This section provides an overview of rolling average earnings and discusses how to:

- Use accumulators in the rolling average calculation.

- Use variables in the rolling average calculation.

- Use formulas in the rolling average calculation.

- Work with rolling average (example).

## Understanding Rolling Average Earnings

The earning rolling average is used to calculate compensation when there is a termination or accident at work. You can set up an earning element for which the rate is determined by the average of another earning element during a rolling period, such as the preceding 12 months.

The following earnings contribute to average earnings:

- Cash wages.

- The value of any privilege or benefit that can be estimated in cash (such as food, fuel, or quarters supplied to the employee).

- Overtime or other special remuneration through bonus, allowance, or otherwise.

- Customary tips.

## Using Accumulators in the Rolling Average Calculation

The rolling average calculation uses the OE AC ROLLAVG (amounts) accumulator. The accumulator accumulates the earnings listed in the following table for rolling average calculation. It is a monthly accumulator with an accumulated date of the payment date. The system uses the amount values of the members of accumulator OE AC ROLLAVG in its averaging calculation. PeopleSoft delivers this accumulator with the following earnings as its members:

| Name of Earning | Description |
| --- | --- |
| BASSAL | Basic salary |
| BASHLY | Basic hourly salary |
| OT1.5 | Overtime 1.5× |
| OTFIX | Overtime fix |
| SHNT1.3 | SHIFT1.3× |
| SHNTFIX | Shift fix |
| MEAL | Meal allowance |

| Name of Earning | Description |
|---|---|
| HSING | Housing allowance |
| GRAT | Gratuity |
| 13MTHPAY | 13th month pay |
| HOLIDAY PAY | Holiday Allowance |
| ANN LVE PAY | Annual Leave Pay |
| SCK LVE PAY | Sick Leave Pay |
| MLV LVE PAY | Maternity Leave Allowance |
| HOL PAY NEG | Negative Holiday Pay |
| SICK PAY NEG | Negative Sickness Allowance |
| MAT PAY NEG | Negative Maternity Pay |
| ANN PAY NEG | Negative Annual Lve Pay |

### Related Links

"Understanding Accumulators" (PeopleSoft HCM 9.2: Global Payroll)

## Using Variables in the Rolling Average Calculation

The rolling average calculation uses the OE VR ROLLAVG AMT (amounts) variable. The system adds the amounts retrieved from the OE AC ROLLAVG accumulator to variable OE VR ROLLAVG AMT. The variable OE VR ROLL UNIT holds the rolling number of months for calculating the rolling average. You can set the variable OE VR ROLL UNIT to the number of months that you want the system to use to retrieve period data for use in the calculation.

### Related Links

"Defining Variable Elements" (PeopleSoft HCM 9.2: Global Payroll)

## Using Formulas in the Rolling Average Calculation

The rolling average calculation uses the OE FM ROLL AVG (amounts) formula. The rolling unit indicates how far back to calculate the rolling average. The formula OE FM ROLL AVG, attached to an earning element, calls a historical rule to retrieve the accumulator value at the time of the calculated period. The period is calculated by the last period end date minus the number of months specified. The formula then calculates the average from the amount retrieved.

### Related Links

"Defining Formula Elements" (PeopleSoft HCM 9.2: Global Payroll)

## Working with Rolling Average (Example)

Following is an example of the accumulated value of the earning element for the last five periods. Assume that:

- In period 2, these earnings did not contribute to the accumulator.

- You are running the pay run in period 5.

| Value | Period 1 | Period 2 | Period 3 | Period 4 | Period 5 |
|---|---|---|---|---|---|
| Earnings value | 10,000 | Not paid | 10,000 | 10,000 | 10,000 |
| Accumulator Value | 10,000 | 10,000 | 20,000 | 30,000 | 40,000 |

Assume that you want to calculate the average earnings for the last four periods from period 5 (hence, you retrieve from period 1). Therefore, the accumulator holds 10000 for period 1 and the rule retrieves 1,000. The formula retrieves the current period accumulator value of 40000 in period 5.

The rolling average calculation is as follows:

((Accumulator, current period) − (Accumulator, previous period)) / (Months)

Hence, the calculation resolves to:

(40,000 − 10,000) / 4 = 7500

# Controlling the Maximum Frequency Amount

There is an accumulator for each monthly and annual frequency. You can select a frequency of monthly or annual. Two accumulators are provided for each frequency.

During the calculation process, a formula determines whether the accumulated amount exceeds the maximum. Depending on the frequency, the formula selects the appropriate accumulator.

You can set the maximum amount and frequency at the payee level. The earning element MEALREIM is set up this way. The accumulator CM AC MAX MONTH determines whether the monthly maximum amount (ceiling) has been reached for meal reimbursements.

### Example 1

With a maximum yearly amount of 10040 HKD, the system pays 40 HKD if the earnings of the payee are 50 HKD per month, and after payment, the accumulated yearly amount is 10050 HKD.

### Example 2

With a monthly maximum amount of 60 HKD, the system pays 10 HKD if the earnings of the payee are 50 HKD per month, and after payment, the accumulated monthly amount is 100 HKD. The system determines whether the accumulated monthly amount exceeds the monthly maximum amount of 60 HKD.

In this case, because 100 HKD is greater than 60 HKD, the accumulated monthly amount does exceed the monthly maximum amount. The earning amount is updated with the difference. In this case, because the payee earns 50 HKD per month:

$(50 + 60 − 100) = 10$ HKD

# Controlling Earnings Maximum or Goal Amount

You can set a goal amount for earnings—an upper limit on the earnings so that no more than that amount is paid in an accumulation period. CASHADVR is set up with this control. It is set up to have a quarterly limit. You can nominate a goal amount to be paid for earnings or deductions.

CASHADVR is always 20 percent of the CASHADV earning and the recovery ceases to resolve when the cash advance goal balance accumulator equals zero.

When termination occurs, the whole cash advance goal balance is recovered in the last pay period, so the deduction amount of the CASHADVR is overridden by the cash advance goal balance accumulator. A negative net balance is allowed when the net amount is not enough to recover the whole goal balance.

## Example

If the total accumulated deduction amount exceeds the goal amount, then only the difference is deducted. For example, suppose that the deduction of a payee is 50 HKD. After the deduction, the accumulated amount is 10050 HKD and the goal amount is 10040 HKD. In this case, the system deducts only 40 HKD. The concept of the goal amount is similar to the maximum amount. The difference is that the accumulated amount is a life-to-date accumulator.

A formula determines whether the earning amount exceeds the goal amount. If it does, then the difference is returned and a warning message appears.

## Related Links
Calculating Cash Advances
Calculating Cash Advance Recovery

# Scheduling Earnings Using Generation Control

Generation control elements enable you to instruct the system to process an earning element based on criteria that you define.

For Hong Kong, you control the payment of an earning by assigning one of three generation controls to the earning:

• OE GC GRA.

• GM GC 13MTH PAY.

• GM GC RSLV ONCE.

For each generation control, there is a corresponding formula. When the formula returns TRUE, the earnings are paid.

For example, to pay an education allowance, the generation control CM GC RSLV ONCE resolves the allowance if either of the following conditions is true:

- The allowance has not been paid this year.

- Period segmentation occurred and the allowance was paid (hence, segmentation status is inactive).

The generation control CM GC RSLV ONCE ensures that the allowance is paid only once per year if period segmentation occurs.

### Related Links

Calculating Gratuity Earnings
Calculating the Thirteen Month Pay
"Defining Generation Control Elements" (PeopleSoft HCM 9.2: Global Payroll)

# Calculating Relevant Statutory Entitlements

Relevant statutory entitlements:

- Holiday allowance.

- Annual leave pay.

- Sick leave pay.

- Maternity leave allowance.

- Wages in lieu of notice.

Relevant statutory entitlements are calculated on the basis of his 12-month average wage (OE VR ROLLAVG ).

If an employee is employed for less than 12 months, the calculation is based on the shorter period

## Periods and Wages to be Disregarded

To avoid deflating the average wages and hence reduce the amount of statutory entitlements in calculating the 12-month average wages, you have to:

1. Identify those situations in which an employee is not paid wages or full wages.

2. Exclude the periods (EO AC DISRGRD UNIT) together with the wages paid (EO AC DISREGARD WG ) from OE VR ROLLAVG and other such periods.

**Chapter 7**

# Defining Deductions

## Understanding Deductions for Hong Kong

PeopleSoft has created several deductions to demonstrate the flexibility of the Global Payroll rules to meet common processing requirements such as the preservation of minimum net pay. The following sections discuss:

- How you can use deductions and supporting elements to produce desired results.

- How PeopleSoft has met specific deduction processing requirements.

**Note:** User keys enable you to track an accumulator at levels lower than the employee record. This directs the system to maintain different accumulated numbers for each of the employee's locations. User Key 1 for deductions on the Deduction Accumulators page is PAY ENTITY (required by Inland Revenue reporting). User Key 2 for all year to date accumulators is CM VR BAL GRP ID (balance group ID).

### Related Links
"Defining Earning Elements" (PeopleSoft HCM 9.2: Global Payroll)

## Understanding Delivered Deduction Elements

This section discusses:

- Delivered deduction elements.

- Process lists and sections.

- Viewing delivered elements.

- Calculating cash advance recovery.

- Calculating community chest.

- Calculating MPF deductions.

## Delivered Deduction Elements

You use these delivered deduction elements as delivered, modify them, or create new elements.

| Name and Description | Unit | Rate | Base | Percent | Amount |
|---|---|---|---|---|---|
| CASHADVR<br><br>Cash Advance Recovery (GC) | NA | NA | OE FM CASHADVR BSE | 20 (N) | NA |
| COMCHST<br><br>Community Chest (GC) | NA | NA | NA | NA | Payee Level |
| ERMPFMN1<br><br>MPF Employer Mandatory 1 (Regular) | NA | NA | MPF FM ERMN1 BASE | 5 (N) | NA |
| ERMPFMN2<br><br>MPF Employer Mandatory 2 (Permitted Period) | NA | NA | MPF FM ERMN2 BASE | 5 (N) | NA |
| ERMPFVOL1<br><br>MPF Employer Voluntary 1 (Regular) | NA | NA | MPF FM ERVOL1 BASE | 5 (N) | NA |
| ERMPFVOL2<br><br>MPF Employer Voluntary 2 (Permitted Period) | NA | NA | MPF FM ERVOL2 BASE | 5 (N) | NA |
| EEMPFMN1<br><br>MPF Employee Mandatory 1 (Regular) | NA | NA | MPF FM EEMN1 BASE | 5 (N) | NA |
| EEMPFMN2<br><br>MPF Employee Mandatory 2 (Permitted Period) | NA | NA | MPF FM EEMN2 BASE | 5 (N) | NA |
| EEMPFVOL1<br><br>MPF Employer Voluntary 1 (Regular) | NA | NA | Payee Level | 100 (N) | NA |
| EEMPFVOL2<br><br>MPF Employee Voluntary 2 (Permitted Period) | NA | NA | Payee Level | 100 (N) | NA |

In the following table, the first column combines the deduction name and description. The letters GC in a row indicate that the deduction has generation control. The other five columns indicate the deduction's calculation rule: Unit × Rate, Unit × Rate × Percent, or Base × Percent. The formulas used for some of the deduction codes are discussed in further detail. The letter N in a row indicates numeric.

## Process Lists and Sections

The CASHADVR and COMCHST deductions are members of the DED SE COMMON process section.

The ERMPFMN1, ERMPFMN2, ERMPFVOL1, ERMPFVOL2, EEMPFMN1, EEMPFMN2, EEMPFVOL1, and EEMPFVOL2 deductions are members of the MPF SE DEDUCTION process section.

The DED SE COMMON and MPF SE DEDUCTION sections are included in the CM PR PAYROLL process list.

## Viewing Delivered Elements

PeopleSoft delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in *PeopleSoft HCM: Global Payroll*.

### Related Links
"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

## Calculating Cash Advance Recovery

Employees can be paid 50 percent of their basic salary cash advances (CASHADV), which they must pay back using CASHADVR in installments over five months. Use the cash advance recovery deduction exclusively to offset the cash advance. For cash advance payments, employees do not pay interest.

As the total cash advance recovery amount is deducted from the annual taxable income, the cash advance recovery is a taxable deduction.

The generation control CM GC RSLV CSHADVR determines when the deduction starts and stops, if period segmentation occurs.

The formula DED FM RSLV CSHADR is attached to the generation control and determines if the cash advance accumulator is greater than zero. If so, the deduction is resolved. The accumulator is timed after calculation because the deduction is resolved after the CASHADV earning is paid (the accumulator is updated after the deduction—not when the earning is resolved). The first time that the earning is paid, the deduction is not resolved because the accumulator is updated at the end of the pay run.

In the next period, the deduction is resolved because the accumulator would have been updated with the earning amount. The generation control determines if the goal amount balance has been reached.

### Example

A salaried employee's current basic salary is 20000 HKD per month. The organization decided that 50 percent of that basic salary cash advance is paid on January 15, 2001. The cash advance amount that the employee will receive on January 15, 2001 is calculated as:

(50 percent) × 20000 = 10000 (Cash Advance) = 10000 HKD

After the cash advance is finalized, the deduction cash advance recovery is created (20 percent of cash advance with goal amount for the payee on the Earnings and Deductions Assignment page).

**Related Links**
Calculating Cash Advances

# Calculating Community Chest

The community chest deduction enables employees to donate to charity from their salaries. The donated amount is a taxable deduction and is paid at the earning assignment level. Proration is not applicable to the donation.

The generation control CM GC RSLV ONCE prevents deducting the allowance more than once if period segmentation occurs.

# Calculating Mandatory Provident Fund Deductions

All members of the workforce, between age 18 and 65, except those who are exempt, are required to make regular contributions to registered Mandatory Provident Fund (MPF) schemes. Contributions are calculated at 10 percent of the employee's income, with the employee and employer each paying 5 percent. Both the employee and employer can elect to make additional voluntary contributions.

The employer and employees' contributions are deducted and paid to the selected MPF scheme each pay period. After the MPF scheme receives the deductions, they are immediately deposited into the employees' retirement savings plans.

Eight MPF deductions are provided:

- Employer MPF Regular Mandatory 1 - ERMPFMN1.

  The ERMPFMN1 deduction is used for employer regular MPF mandatory contributions.

- Employer MPF Permitted Period Mandatory 2 - ERMPFMN2.

  The ERMPFMN2 deduction is used for employer MPF mandatory contributions during the 60-day permitted period.

- Employer MPF Regular Voluntary 1- ERMPFVOL1.

  The ERMPFVOL1 deduction is an additional 5 percent of relevant earnings and should be given to all employees. The rest of the rules are the same as for the MPF Employer Voluntary deduction. The deduction is used for employer MPF voluntary contributions.

- Employer MPF Permitted Period Voluntary 2 - ERMPFVOL2.

  The ERMPFVOL2 deduction is used for employer MPF voluntary contributions during the 60-day permitted period.

- Employee MPF Regular Mandatory 1 - EEMPFMN1.

  The EEMPFMN1 deduction is used for employee MPF mandatory contributions.

- Employee MPF Permitted Period Mandatory 2 - EEMPFMN2.

The EEMPFMN2 deduction is used for employee MPF mandatory contributions during the 60-day permitted period.

- Employee MPF Regular Voluntary 1 - EEMPFVOL1.

  The EEMPFVOL1 deduction is used for employer MPF voluntary contributions.

- Employee MPF Permitted Period Voluntary 2 - EEMPFVOL2.

  The EEMPFVOL2 deduction is used for employee MPF voluntary contributions during the 60-day permitted period.

# Calculating Leave Without Pay and Daily Rate Deduction

Employees might take leave without pay during their working periods. One calendar daily rate is taken from salary for one day of unpaid leave. Unpaid leave is a taxable deduction.

LWOP can be taken anytime during the servicing period. One DAILY RT is reduced from the employee's monthly income for every single day of LWOP taken. The value of one DAILY RT equals:

(Annual Salary) / 365

365 is used even in the leap year.

## Example

**Image: April Monthly Salary Calculation**

Three days of unpaid leave has been taken in April and the basic salary in April is 10000 HKD. The April monthly salary is calculated as:



A salary change can occur during unpaid leave. In this case, the unpaid leave is split into two segments: segment one is based on the old daily rate and segment two is based on the new daily rate.

## Related Links
Calculating Leave Without Pay (LWOP)
Calculating Leave Without Pay (LWOP2)

# Scheduling Deductions Using Generation Control

Generation control elements enable you to specify whether to process a deduction element based on defined criteria. For Global Payroll for Hong Kong, the system controls deduction payments by assigning a generation control to the deductions.

For each generation control, there is a corresponding formula. When the formula returns TRUE, the deduction is resolved.

### Related Links

"Defining Generation Control Elements" (PeopleSoft HCM 9.2: Global Payroll)

**Chapter 8**

# Administering Mandatory Provident Fund Contributions

## Understanding the Administration of Mandatory Provident Fund Contributions

This section discusses the administrative and reporting requirements of MPF administration and maintenance to:

- Support both employee and employer payments to a nominated fund in accordance with the calculation of eligibility rules for MPF legislation.

  These deduction rules cover legislative MPF requirements such as permitted period processing, age eligibility, and the contribution holiday rule.

- Provide reports to support MPF administrative requirements.

  MPF reports such as the Remittance Statement and Terminated Employees Report enable you to manage MPF contributions.

**Image: User inputs and system outputs for Mandatory Provident Fund deductions**

The following diagram displays the rules and options that you are required to set up or exercise to ensure correct MPF calculation and system outputs:
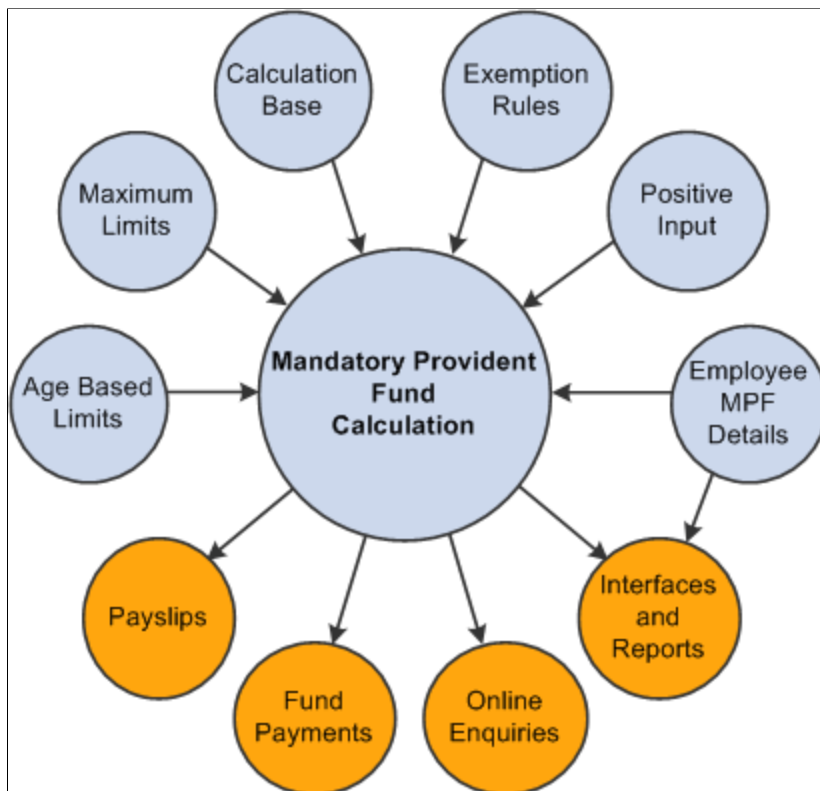


### Related Links
Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions

# Understanding MPF Types

The Hong Kong Government provides three types of MPF schemes:

• Master trust schemes.

This is the type that most employees, employers and self-employed persons in Hong Kong participate in.

• Employer-sponsored schemes.

Schemes of this type are limited to the employees of individual employers and their associated companies.

• Industry schemes.

These schemes are specially established for employees of the catering and construction industries, which are primarily casual employees (whose employment is on day-to-day basis or for a fixed period of less than 60 days).

See Implementing MPF Industry Schemes

Global Payroll for Hong Kong supports the master trust schemes and industry schemes.

# Common Elements Used in These Topics

| | |
|---|---|
| **Casual Employee** (as defined by MPF Ordinance) | An employee engaged in the construction or catering industry, who is employed on a daily basis or for a fixed period of less than sixty days. |
| **Contribution Day** | For non-casual employees, the tenth day after the last day of the contribution period or the contribution period in which the permitted period ends—whichever is later. The employer must contribute to a scheme for their employees on or before the tenth day after the last day of the contribution period. |
| | For casual employees (who are not members of an industry scheme), this is the tenth day after the last day of the relevant contribution period, or the contribution period in which the permitted period ends—whichever is later. The employer and the approved trustee of the scheme concerned approve one of the following days: |
| | • The day on which the casual employee is paid. |
| | • The tenth day after the last day of the relevant contribution period. |
| **Contribution Holiday** | An employee does not have to contribute to MPF for the first thirty days of employment. The first thirty days is referred to as the contribution holiday. An employee must start paying MPF from the thirty-first day of employment. |
| **Contribution Period** (non-casual employee) | Regarded as the payroll period. If an employee is paid on a calendar month basis and the payment pattern is specified in the employment contract, the contribution period should be one calendar month. |
| **Employee Reporting Period** | The pay period in which the holiday contribution period ends. Employee's can start contributing to MPF in this period. |
| **Employer Reporting Period** | The pay period subsequent to the period in which the contribution holiday ends. The remittance report and payslip are required to disclose the contribution amount and contribution dates within the permitted period. |
| **Mandatory Provident Fund** (MPF) | A compulsory retirement plan scheme for employees between the ages of 18 and 65, implemented by the government of Hong Kong to help ensure a financially sound retirement for the territory's workforce. Under MPF, both the employer and employee make regular mandatory contributions into an employee's account, with benefits payable at retirement. |

| | |
|---|---|
| **Permitted Period** | For casual employees, the period within which the employer must enroll the employee into a registered scheme—ten days for casual employees. |
| **Permitted Period MPF Deduction** | An MPF deduction (contribution amount) for the permitted period required for the MPF Remittance report. Used to report MPF contribution within the permitted period and does not contribute to balance accumulators. |
| **Regular MPF Deduction** | Regular MPF deductions are used for regular deduction processing in payroll and contribute to balance accumulators. There are two deduction elements. One element resolves the amount for payroll and the other resolves for reporting. |

# Viewing Delivered Elements

The PeopleSoft system delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in the *PeopleSoft HCM: Global Payroll*.

### Related Links

"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

# Understanding MPF Proration Rules

Proration of relevant income only occurs for a new hire or rehire for employer contributions and when an employee turns 18 years of age within the period.

This section discusses:

*   The MPF PO REVLNT INCM proration rule.

*   The MPF PO 18TH BTHDAY proration rule.

*   The MPF PO 65TH BTHDAY proration rule.

### Related Links

Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Accommodating MPF Exemption Rules and Limits
Calculating Permitted Period MPF Contributions
Calculating Regular MPF Contributions
"Defining Proration Rules" (PeopleSoft HCM 9.2: Global Payroll)

## The MPF PO REVLNT INCM Proration Rule

The MPF PO REVLNT INCM proration rule is used to prorate relevant income for new hire/rehires. The proration rule calculation is:

Days of service since period hire date or rehire date / number of days in a period.

The MPF FM POST EEVOL1 formula prorates the employee voluntary contribution amount if the employee is a new hire.

## The MPF PO 18TH BTHDAY Proration Rule

If the employee's eighteenth birthday falls within the contribution period in which the thirty first day of employment falls, prorating of the minimum and maximum levels of relevant income for the employee's first mandatory contribution is required. The MPF PO 18TH BTHDAY proration rule prorates relevant income when the employee turns 18 years of age. The proration rule calculation is defined as follows:

Number of days contributed in a month / number of days in month.

If a period spans two months, for example October 15, 2007 − November 1, 2007, the relevant income is 10000 HKD and the employee's birthday falls on the 16th, then contribution is prorated as follows:

(16/31 x 10000 x 5%) + (14/30 x 10000 x 5%) = 508.06.

For example, suppose an employee is hired on February 1 and turns 18 on May 16, 2007, then the employee's relevant income for May 2007 is 10000 HKD. MPF for May is calculated as follows:

31st day of employment: March 3, 2007

18th birthday: May 16, 2007

Relevant income (May 16 - 31, 2007): 10000 HKD X 16/31 = 5161.29 HKD

Max relevant income level: 20000 HKD

Min relevant income level: 4000 HKD

Employee's mandatory contribution for May 2007: 5161.29 HKD X 5%

Employer's mandatory contribution for May 2007: 5161.29 HKD X 5%

## MPF PO 65TH BTHDAY Proration Rule

Effective October 1 2004, the MPF guidelines were revised by the Hong Kong Government. The revised guidelines stipulate the new calculation of mandatory contributions for employees who attain the age of 65 on or after 1 October 2004. Mandatory contributions are required based on the relevant income earned by the employees up to the day before their 65th birthday regardless of when the income was actually paid to them.

If the employee's 65th birthday falls within the pay period, prorating of the minimum and maximum levels of relevant income for the employee's last mandatory contribution is required. The MPF PO 65TH BTHDAY proration rule prorates relevant income when the employee turns 65 years of age. The proration rule calculation is defined as follows:

Number of days contributed in a month / number of days in month.

Example 1: Relevant income earned up to the day before the 65th birthday is between the minimum and maximum levels of $5,000 and $20,000 per month:

Date of 65th birthday: 18 October 2004

Contribution period start date : 1 October 2004

Contribution period end date: 31 October 2004

Relevant income: $12,000 (for October 2004)

Amount of employer contribution: $323 ($12,000 x 17/31 x 5%)

Amount of employee contribution: $323 ($12,000 x 17/31 x 5%)

Example 2: Relevant income earned up to the day before the 65th birthday is above the maximum level of $20,000 per month:

Date of 65th birthday: 18 October 2004

Contribution period start date: 1 October 2004

Contribution period end date: 31 October 2004

Relevant income: $38,000 (for October 2004)

Amount of employer contribution: $1,000.00 ($20,000 x 5%)

Amount of employee contribution: $1,000.00 ($20,000 x 5%)

# Making Statutory and Customary MPF Deductions

This section discusses the MPF deductions that are delivered by PeopleSoft.

PeopleSoft supplies the following deductions for the common MPF contributions. The deductions are PeopleSoft maintained and are all defined with a calculation rule of Base x Percent. Mandatory and voluntary deductions are delivered for both employers and employees.

| Deduction | Description |
|---|---|
| ERMPFMN1<br><br>Employer Regular MPF Mandatory Contribution | Used for employer regular MPF mandatory contributions.<br><br>Base = MPF FM ERMN1<br><br>Percent = 5<br><br>(Statutory) |
| ERMPFMN2<br><br>Employer Permitted Period MPF Mandatory Contribution | Used for employer MPF mandatory contributions within the sixty-day permitted period.<br><br>Base = MPF FM ERMN2<br><br>Percent = 5<br><br>(Statutory) |

| Deduction | Description |
|-----------|-------------|
| ERMPFVOL1<br><br>Employer Regular MPF Voluntary Contribution | An additional 5 percent of relevant earnings and should be given to all employees. The rest of the rules are the same as those for the MPF Employer Voluntary deduction. The deduction is used for employer MPF voluntary contribution.<br><br>Base = MPF FM ERVOL1 BASE<br><br>Percent = 5<br><br>(Customary) |
| ERMPFVOL2<br><br>Employer MPF Permitted Period Voluntary Contribution | Used for employer MPF voluntary contributions within the sixty-day permitted period.<br><br>Base = MPF FM ERVOL2 BASE<br><br>Percent = 5<br><br>(Customary) |
| EEMPFMN1<br><br>Employee Regular Mandatory MPF Contribution | Used for employee MPF mandatory contributions.<br><br>Base = MPF FM EEMN1 BASE<br><br>Percent = 5<br><br>(Statutory) |
| EEMPFMN2<br><br>Employee Permitted Period Mandatory MPF Contribution | Used for employee MPF mandatory contributions within the sixty-day permitted period.<br><br>Base = MPF FM EEMN2 BASE<br><br>Percent = 5<br><br>(Statutory) |
| EEMPFVOL1<br><br>Employee Regular Voluntary MPF Contribution | Used for employee MPF voluntary contributions. Entered at the deduction assignment level.<br><br>Base = Payee Level<br><br>Percent = 100<br><br>(Customary) |
| EEMPFVOL2<br><br>Employee Permitted Period Voluntary contribution | Used for employee MPF voluntary contributions within the sixty-day permitted period. Entered at the deduction assignment level.<br><br>Base = Payee Level<br><br>Percent = 100<br><br>(Customary) |

**Note:** Earnings that are included in the MPF calculation are referred to as relevant income and include wages, salaries, leave pay, fee, commission, bonus, and gratuity. Because not all earnings are included in MPF calculations, it is possible to define the earnings that should be included in MPF calculation using the earning component.

### Related Links

Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Calculating Permitted Period MPF Contributions
Calculating Regular MPF Contributions

# Accommodating MPF Exemption Rules and Limits

This section provides overviews of accommodating MPF exemption rules and limits, the MPF contribution holiday rule, age eligibility rules, and permitted period termination rules, and discusses how to:

- Define casual employees for MPF contributions.

- Exclude employees from MPF calculations.

- Apply maximum and minimum limits to MPF contributions.

## Understanding Accommodating MPF Exemption Rules and Limits

This section discusses the exceptions and limits for MPF contributions.

Although it is mandatory for employers to pay MPF contributions for each employee, the following exemptions and limits exist:

- An employee does not have to contribute to MPF for the first thirty days (contribution holiday) of employment.

- If the employee is paid on a monthly calendar basis, reaches the age of 65 prior to the period begin date, and is not terminated, then MPF contribution is not required by either the employer or the employee for that month.

- If an employee terminates within the first sixty days of employment (permitted period), the employer is exempted from making the MPF contribution.

- For casual employees, the sixty-day (permitted period) rule for employers and thirty-day (contribution holiday) rule for employees does not apply.

- Mandatory contributions are subject to maximum and minimum levels.

  For example, employees earning less than 5000 HKD per month in relevant income do not have to contribute to MPF, but the employer still needs to contribute 5 percent of the employee's income, even if the employee earns less than 5000 HKD in relevant income in the month. Employer mandatory contributions have no minimum levels.

**Note:** No age eligibility or minimum and maximum rules are applied to employee voluntary deductions. However, employer voluntary deductions do check for these rules.

# Understanding the MPF Contribution Holiday Rule

This section discusses generation control resolution and the MPF deduction.

A generation control resolves the MPF deduction if the employee's service days are greater than thirty days. For example, for the EEMPFMN1 deduction, the MPF generation control MPF GC EEMN1, using formula MPF FM RSLV EEMN1, resolves if the employee's service days are greater than thirty days (not within the holiday contribution period) and no additional exemptions apply.

Depending on whether the employee is hired or rehired, days of service are calculated as:

Period End Date − Hire Date + 1

or

Period End Date − Rehire Date + 1

If the contribution holiday end date MPF DT HOL END DT is before or the same as the PERIOD END DATE, then the formula MPF FM HOL END DT resolves. The formula determines if the period is greater than the contribution holiday end date.

The formula MPF FM END HOL PRD compares the holiday contribution end date to the pay period begin date. The rule states that if the holiday end date does not fall on the first day of a pay period then the employee's MPF contribution will be waived until the next full pay period. Contributions begin when the pay period begin date is greater than the contribution holiday end date. For example, suppose a monthly paid employee is hired on February 1, 2007, and the holiday end period is April 3, 2007. Because the April pay period starts on the 1st, the employee will not have to contribute MPF until the next pay period (May 1, 2007).

### Related Links

Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Calculating Permitted Period MPF Contributions
Calculating Regular MPF Contributions

# Understanding MPF Age Eligibility Rules

This section discusses the formulae used to check the employees age before resolving and determining the payment of MPF contributions.

The formula MPF FM AGE 65 checks if the employee is 65 years of age. The formula calls GP AGE IN YEARS to calculate the employee's age and resolves when the following conditions are true:

- The employee's age is 65.

- The employee's birthday falls within the period and on or before the payment date. The formula MPF FM 65 BIRTHDAY is used to check if the employee's 65th birthday falls within the pay period.

**Note:** GP AGE IN YEARS calculates the number of years from the employee's birthdate to the period end date.

The generation controls MPF GC ERMN1 and MPF GC ERMN2 stop resolving MPF mandatory deductions once the employee has reached 65 before the period begin date. The following example illustrates how the payment date determines the payment of MPF contributions.

### Employees Turning 65 Before The Period End Date

Suppose an employee turns 65 before the period end date. In Period 1, MPF is resolved; in Period 2, MPF is also resolved because the employee turns 65 before the period end date, however, the MPF values are prorated up to the day before the employee's 65th birthday. In Period 3, since the employee is already 65, MPF isn't resolved. The following diagram illustrates this scenario:

**Image: An employee turns 65 before the period end date**

The following diagram illustrates a scenario in which an employee turns 65 before the period end date:
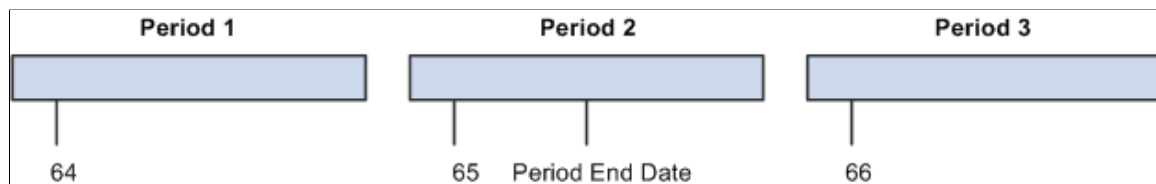


**Note:** If the employee ceases employment immediately upon reaching the age of 65 and all outstanding relevant income is paid or payable on the day before the employee's 65th birthday, the final payment is considered a relevant income and contributions are payable on it.

### Related Links

Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Calculating Permitted Period MPF Contributions
Calculating Regular MPF Contributions

## Understanding MPF Permitted Period Termination Rules

This section discusses MPF and termination rules.

Termination is only considered if the employee terminates from a primary job. The array MPF AR PRIM JOB retrieves the hire date, rehire date, and termination date from the job table for the employee's primary job. The formula MPF FM TERM CONTRB checks if the employee terminates before the employee's birthday, using the following elements:

- MPF FM TERMINATE - Determines if the termination is within the permitted period.

- MPF VR TERM DATE - Resolves the termination date.

- MPF DT BIRTHDAY - Resolves the birth date.

The formula MPF FM TERM CONTRB resolves if the termination date is before the employee's birthday. If the employee turns 65 within the contribution period and terminates before age 65, then the MPF contribution is deducted.

**Note:** If an employer decides to make the first contribution during the first sixty days of employment (permitted period), MPF is calculated and deducted for the employee.

### Working with Contributions on the Last Day of Employment

The contribution period for a terminated employee can also end on the date the employee is terminated. If the employee's contract states that the final contribution should be paid on the last date of employment, then the mandatory contributions for the relevant employee should be paid to the trustee on or before the tenth day after the date of cessation of employment.

For example, suppose a relevant employee paid on a calendar month basis ceases employment on April 10, 2007 and all outstanding relevant income is paid on that day, the mandatory contributions for the last contribution period should fall due on April 20, 2007. However, if their salary for April is payable under the employment contract on April 30 (following the normal pay cycle) the contribution period would end on April 30, and the mandatory contributions would be due on May 10.

**Note:** In the period the employee terminates, the maximum and minimum limits are not prorated.

### Related Links
Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Calculating Permitted Period MPF Contributions
Calculating Regular MPF Contributions
Calculating Absence Entitlements on Termination

# Defining Casual Employees for MPF Contributions

Contributions for casual employees are calculated each pay or contribution period. Casual employees are processed in a separate pay group from other employees as they are most often paid daily.

As there is a difference between the way that casual employees and non-casual employees are calculated, you can mark an employee as a casual employee. The variable MPF VR CASUAL FLG (casual pay group staff flag) is delivered as customary data and is attached at the pay group override level to indicate whether the pay group is for casual employees.

### Related Links
Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Calculating Permitted Period MPF Contributions
Calculating Regular MPF Contributions

# Excluding Employees from MPF Calculations

This section discusses how to exclude specific employees from MPF calculations.

Although all members of the workforce between the ages of 18 and 65 are eligible for MPF, you may have to exclude an employee from MPF calculations. The CM SE INITIALISE section (common initialize section paid by eligibility) is delivered as an example. You can change the section to pay by payee and exclude specific employees from MPF calculations by entering the deduction as inapplicable at

the deduction assignment level. By doing this, the employee is exempted from MPF calculations in every pay run.

### Related Links

# Applying Maximum and Minimum Limits to MPF Contributions

Mandatory contributions are subject to maximum and minimum levels. For example, employees earning less than 5000 HKD per month in relevant income do not have to contribute to MPF. However, the employer still needs to contribute 5 percent of the employee's income, even if the employee earns less than 5000 HKD in relevant income in the month. Employer mandatory contributions have no minimum levels. For employees earning more than 20000 HKD per month, mandatory contributions for employer and employee are capped at 1000 HKD (5 percent of 20000 HKD).

**Note:** MPF calculations for pay periods other then monthly are identical, except that the maximum and minimum levels of relevant income will vary.

The MPF BR MINMAX REVL bracket stores the minimum (variable MPF VR MIN LEVEL) and maximum (variable MPF VR MAX LEVEL) relevant income ceiling for each period frequency. The following table lists the maximum and minimum levels of contribution for the different pay periods:

| Pay Period | Min Level of Relevant Income | Max Level of Relevant Income |
|---|---|---|
| Daily | 160 | 650 |
| Weekly | 1120 | 4550 |
| Biweekly | 2240 | 9100 |
| Fortnightly | 2240 | 9100 |
| Monthly | 5000 | 20000 |
| Quarterly | 8000 | 40000 |
| Yearly | 48000 | 240000 |

This rule enables you to run multiple calendars in a period. For example, you can run a regular pay run and thirteenth month pay in separate calendars. The rules calculate contributions as follows:

### Regular Run

Relevant Income = 19000

MPF contribution = 19000 x 5%

### Thirteenth Month

Relevant Income = 19000

MPF Contribution = 1000 x 5%

MPF contribution is calculated on 1000 HKD instead of 19000 HKD in the thirteenth month pay run because MPF is capped at 20000 HKD.

**Note:** If an employee has concurrent jobs, the maximum and minimum limits are applied per employee, not per job. The holiday period is applied to the earliest hire date (or rehire date) of the employee's primary job regardless of whether the employee has concurrent jobs.

### Commencing Employee MPF Contributions

Contributions for the period in which the employee's contribution holiday ends are calculated on a prorated basis. Prorating may be performed based on the number of days in the month. On this basis, the minimum levels of relevant income for one day in October (a 31 day month) and one day in November (a 30 day month) would be 129 HKD and 133 HKD respectively. Accordingly, the minimum levels of relevant income for the week from October 29, 2007 to November 4, 2007 would be:

919 HKD (3 x 129 + 4 x 133)

**Note:** You can use 160 HKD and 650 HKD as the daily minimum and maximum levels of relevant income. The minimum and maximum levels for contribution periods longer than a day are calculated as a multiple of the daily minimum and maximum levels.

For example, suppose an employee is paid monthly and commences employment on April 11 and his or her monthly salary is 18000 HKD, and the employee's contribution holiday ends on May 10. For the purposes of calculating their mandatory contributions for the month ending May 31:

The employee's relevant income = 12194 HKD (being 18000 HKD x 21/31)

The maximum relevant income level = 13545 HKD (being 20000 HKD / 31 rounded to closest dollar x 21)

The minimum relevant income level = 2709 HKD (being 4000 HKD / 31 rounded to closest dollar x 21)

Since the relevant income is between 2709 HKD and 13545 HKD, the mandatory contributions for the month ending May 31= 609.28 HKD (being 12194 HKD x 5%).

### Related Links
Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Calculating Permitted Period MPF Contributions
Calculating Regular MPF Contributions

# Calculating Permitted Period MPF Contributions

This section provides an overview of permitted period MPF contributions and discusses how to:

- Calculate employer mandatory permitted period MPF contributions.

- Calculate employee mandatory permitted period MPF contributions.

- Calculate employer and employee voluntary permitted period MPF contributions.

## Understanding Permitted Period MPF Contributions

Permitted MPF deductions only resolve during the sixty-day employment period (permitted period). One MPF deduction is resolved in every period for reporting, so the reports can retrieve the contribution periods in which the permitted MPF deduction is resolved.

The formula MPF FM PERM PERIOD checks whether the current period falls within the permitted period and resolves whether the period begin date is less than or equal to the permitted period end date.

The date MPF DT PERM END DT returns the permitted period end date. Depending on whether the employee is hired or rehired, the permitted period end date calculation is as follows:

Hire date + 59 days

or

Rehire date + 59 days

---

**Note:** It is possible that you will make MPF contributions immediately and not wait until the permission period has elapsed. Since rules cater for the permission period, you are required to remove all associated PeopleSoft rules that cater for the permission period; hence, these deductions are processed as regular deductions.

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### Related Links
Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Calculating Regular MPF Contributions
Accommodating MPF Exemption Rules and Limits

## Calculating Employer Mandatory Permitted Period MPF Contributions

The ERMPFMN2 contribution is calculated at 5 percent of relevant income for employees between the ages of 18 and 65 if they have relevant income greater than 4000 HKD for the month. The maximum relevant income that is included in the calculation is 20000 HKD.

The formula MPF FM ERMN2 with generation control MPF GC ERMN2 (using formula MPF FM ERMN2) resolves if the following conditions are true:

- The employee's age is greater than or equal to 18 and less than 65, or

- The employee's age is 65 and their birthday falls within the period, and

- The period is within the permitted period.

The generation control stops resolving the deductions once the employee's age is above 65 before the period begin date.

The bracket MPF BR MINMAX REVL retrieves the minimum and maximum amount associated with the period frequency.

### Related Links
Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Calculating Regular MPF Contributions
Accommodating MPF Exemption Rules and Limits

## Calculating Employee Mandatory Permitted Period MPF Contributions

The formula MPF FM EEMN2 BASE with generation control MPF GC EEMN2 (using formula MPF FM RSLV EEMN2) calculates the relevant income for employee mandatory contributions within the permitted period, based on the following:

- Relevant income is prorated if the employee is a new hire or rehire (using the formulas MPF FM SET STARTDT, MPF FM PERM STRTDT, and MPF FM SET EE STRT).

- Relevant income is prorated if the employee turns 18 years of age (using formula MPF FM AGE 18-64 and prorate using MPF PO 18TH BTHDAY).

- Relevant income is prorated if the employee turns 65 years of age during the pay period (using formula MPF FM 65 BIRTHDAY and prorate using MPF PO 65TH BTHDAY).

The bracket MPF BR MINMAX REVL retrieves the minimum and maximum amount associated with the period frequency.

### Related Links
Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Calculating Regular MPF Contributions
Accommodating MPF Exemption Rules and Limits

## Calculating Employer and Employee Voluntary Permitted Period MPF Contributions

The formula MPF FM ERVOL2 BASE with generation control MPF GC ERVOL2 (MPF GC EEVOL2 for employees) using formula MPF FM RSLV ERVOL2 (MPF FM RSLV EEVOL2 for employees) resolves when the period is within the permitted period.

The post processing formula MPF FM POST EEVOL2 prorates the amount.

The formula MPF FM MAX LVL using variable MPF VR MAX LEVEL determines the maximum contribution level.

### Related Links
Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Calculating Regular MPF Contributions

# Calculating Regular MPF Contributions

This section discusses how to:

*   Calculate employers regular mandatory MPF contributions.

*   Calculate employees regular mandatory MPF contributions.

*   Calculate employer regular voluntary MPF contributions.

*   Calculate employees regular voluntary MPF contributions.

### Related Links
Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Accommodating MPF Exemption Rules and Limits
Calculating Permitted Period MPF Contributions

## Calculating Employers Regular Mandatory MPF Contributions

The ERMPFMN1 contribution is calculated at 5 percent of relevant income (5 percent of earnings that are included in the MPF calculation). MPF need only be calculated for employees between 18 and 65 years of age and only on the first 20000 HKD of relevant income for the month. For casual employees, contributions are calculated and paid from day one.

While contributions have to be calculated from the employees hire date, the first contribution to MPF for non-casual employees does not have to be made on or before the first contribution day after the sixty-day employment period ends.

The post processing formula MPF FM POST ERMN1 checks if it is the reporting period. If it is, the MPF contributions from the permitted period (sixty-day employment period) and the current period are totaled.

The formula MPF FM ERMN1 with generation control MPF GC ERMN1, using formula MPF FM RSLV ERMN1, resolves when the employee is between 18 and 65 (using formula MPF FM AGE 18-64), and the contribution is calculated on the first 20000 HKD of relevant income for the month.

Contributions for casual employees with the MPF VR CASUAL FLG are calculated and paid from day one.

### Related Links
Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Accommodating MPF Exemption Rules and Limits
Calculating Permitted Period MPF Contributions

## Calculating Employees Regular Mandatory MPF Contributions

The formula MPF FM EEMN1 BASE with generation control MPF GC EEMN1, using formula MPF FM RSLV EEMN1, resolves the deduction if the employee's service days are greater than thirty days (not within the holiday contribution period).

The MPF FM EEMN1 formula calculates the relevant income for regular employee mandatory contributions based on the following:

- Relevant income is prorated if the employee is a new hire or rehire. (Using MPF PO REVLNT INCM).

- Relevant income is prorated if the employee turns 18 years of age. (Using MPF PO 18TH BTHDAY).

- Relevant income is prorated if the employee turns 65 years of age. (Using MPF PO 65TH BTHDAY).

The bracket MPF BR MINMAX REVL retrieves the minimum and maximum amount associated with the period frequency.

### Related Links

Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Accommodating MPF Exemption Rules and Limits
Calculating Permitted Period MPF Contributions

## Calculating Employer Regular Voluntary MPF Contributions

The formula MPF FM ERVOL1 BASE with generation control MPF GC ERVOL1, using formula MPF FM RSLV ERVOL1, resolves based on the following:

- Relevant income is prorated if the employee turns 18 years of age— (Using MPF PO 18TH BTHDAY).

- If the employee is not 18 years of age, the bracket MPF BR MINMAX REVL retrieves the minimum and maximum amount associated with the period frequency.

The post processing formula MPF FM POST ERVOL1 checks if it is the reporting period. If so, the MPF contribution from the permitted period and the current period are totaled.

### Related Links

Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Accommodating MPF Exemption Rules and Limits
Calculating Permitted Period MPF Contributions

## Calculating Employees Regular Voluntary MPF Contributions

The generation control MPF GC EEVOL1, using formula MPF FM RSLV EEVOL1, calculates the relevant income for regular employer mandatory contributions based on the following:

- Relevant income is prorated if the employee turns 18 years of age. (Using MPF PO 18TH BTHDAY).

- If the employee is not 18 years of age, then the bracket MPF BR MINMAX REVL retrieves the maximum amount associated with the period frequency.

The formula MPF FM POST EEVOL1 prorates the deduction amount.

### Related Links
Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Accommodating MPF Exemption Rules and Limits
Calculating Permitted Period MPF Contributions
"Understanding Accumulators" (PeopleSoft HCM 9.2: Global Payroll)

# Setting up Additional MPF Recipient Details

The administrative body to which MPF deductions are paid is treated in the system the same way as any other deduction recipient although for reporting purposes some additional MPF-specific detail is stored at recipient level.

See Setting Up Additional Mandatory Provident Fund Report Details.

### Related Links
Calculating Mandatory Provident Fund Earnings
Calculating Mandatory Provident Fund Deductions
Accommodating MPF Exemption Rules and Limits
Calculating Permitted Period MPF Contributions
Calculating Regular MPF Contributions

# Implementing MPF Industry Schemes

This topic discusses:

- Overview of MPF industry schemes.

- Delivered supporting elements.

- Delivered earnings.

- Delivered deductions.

- Identifying industry scheme participants.

- Delivered element groups.

- Payroll processing.

**Note:** The pages shown is these topics are documented in *PeopleSoft HCM: Global Payroll*.

# Understanding MPF Industry Schemes

Industry schemes are designed to make MPF participation more convenient for employers and casual employees in the construction and catering industries. Casual employees who work for an employer in the catering or the construction industries, and are employed on a day-to-day basis, or for a fixed period of less than 60 days, are eligible to join. Employers in the catering or construction industries are required to enroll casual employees in an MPF scheme regardless of the length of the employment period.

# Delivered Supporting Elements

Global Payroll for Hong Kong provides these supporting elements to handle contribution calculations for MPF industry schemes:

## Variables

- MPF VR IND CALBGN

- MPF VR IND CALEND

- MPF VR IND EE CNTR

- MPF VR IND ER CNTR

- MPF VR IND NDLAVG

- MPF VR IND NDLY EE

- MPF VR IND PIVAL

- MPF VR IND PRMENDT

- MPF VR IND PRMSTDT

- MPF VR IND REGDATE

- MPF VR IND REGDAYS

- MPF VR IND REGENDT

- MPF VR IND REGSTDT

- MPF VR IND EEUNIT

- MPF VR IND ERUNIT

- MPF VR IND WRKENDT

- MPF VR IND WRKSTDT

- MPF VR IND PERDAYS

- MPF VR IND UNITS

- MPF VR IND TEMPDT

- MPF VR IND PYEOVRD

- MPF VR IND BGNDT

- MPF VR IND ENDDT

- MPF VR IND TMPDAYS

## Dates

- MPF DT IND PRMEDT

- MPF DT IND REGSTDT

- MPF DT IND TEMPDT

## Brackets

- MPF BR IND CSL DLY

- MPF BR IND CSLNDLY

## Proration Rules

MPF PO IND ERNSLC

## Arrays

MPF AR IND PIUNIT

## Formula

- MPF FM IND WRKINIT

- MPF FM IND PRM DED

- MPF FM IND INIT

- MPF FM IND RLV INC

- MPF FM IND PERDAYS

- MPF FM IND REG PER

- MPF FM IND REGDAYS

- MPF FM IND NDLPMRT

- MPF FM IND NDLRGRT

- MPF FM IND NDLRERT

- MPF FM IND PERTYP

- MPF FM IND EEDLYPM

- MPF FM IND EEDLYRG

- MPF FM IND EENDLPM

- MPF FM IND EENDLRG

- MPF FM IND ERDLYPM

- MPF FM IND ERDLYRG

- MPF FM IND ERNDLPM

- MPF FM IND ERNDLRG

- MPF FM IND EEDLYVL

- MPF FM IND ERDLYVL

- MPF FM IND EENDLVL

- MPF FM IND ERNDLVL

- MPF FM IND RPT

- MPF FM IND PIVAL

- MPF FM IND WRKCNT

- MPF FM IND RGLDAYS

- MPF FM IND NDLRGUT

- MPF FM IND NDLREUT

- MPF FM IND NDLPMUT

- MPF FM IND NDLPRUT

## Generation Control

- MPF GC EE-ER PRM

- MPF GC EE-ER REG

## Duration

- MPF DR IND CALDAYS

- MPF DR IND WRKDAYS

## Accumulators

- MPF AC IND TOTDED

- MPF AC IND PIUNIT

- MPF AC IND EEDAYS

- MPF AC IND ERDAYS

### Count

MPF CT IND WRKDAYS

# Delivered Earnings

The system delivers these earning elements for MPF industry schemes:

| Earning Element | | | Description |
|---|---|---|---|
| DLYCSLERN | PreProcessFM | MPF FM IND WRKINIT | This is the earning element for *casual daily paid employees*. The associated calculation rule is *Rate x Unit*. Hong Kong's MPF industry scheme has been implemented to accept override for the unit value in the "Defining Payee Overrides" (PeopleSoft HCM 9.2: Global Payroll). |
| | Rate | DAILY RT | |
| | Proration Rule | MPF PO IND ERNSLC | |
| | Component | DLYCSLERN_UNIT | |
| | Component | DLYCSLERN_RATE | |
| | Auto Gen AC | DLYCSLERN_ CPTDA | |
| | Auto Gen AC | DLYCSLERN_ CPTDU | |
| | Auto Gen AC | DLYCSLERN_ CYTDA | |
| | Auto Gen AC | DLYCSLERN_ CYTDU | |
| NDLYCSLERN | PreProcessFM | MPF FM IND WRKINIT | This is the earning element for *casual non-daily paid employees*. The associated calculation rule is *Rate x Unit*. Hong Kong's MPF industry scheme has been implemented to accept override for the unit value in the "Defining Payee Overrides" (PeopleSoft HCM 9.2: Global Payroll). |
| | Rate | DAILY RT | |
| | Proration Rule | MPF PO IND ERNSLC | |
| | Component | NDLYSCLERN_ UNIT | |
| | Component | NDLYCSLERN_ RATE | |
| | Auto Gen AC | NDLYCSLERN_ CPTDA | |
| | Auto Gen AC | NDLYCSLERN_ CYTDA | |
| | Auto Gen AC | NDLYCSLERN_ CYTDU | |

The two system-delivered earning elements, DLYCSLERN and NDLYCSLERN, use the calculation rule *Rate x Unit* to compute MPF contributions. In this rule:

*Rate* is the system element DAILY RT.

*Unit* is the override value that is defined at the payee level (on the Element Assignment By Payee page). In case of period segmentation, the overrides are to be specified for each segment with the begin date the same as the segment begin date.

For retro calculations, rate changes should be done using the Job-Compensation component, whereas unit changes need to be made on the "Defining Payee Overrides" (PeopleSoft HCM 9.2: Global Payroll).

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**Note:** MPF calculations are based on the daily rate (for daily-paid employees) or average daily rate (for non-daily-paid employees). Deduction rates are determined using brackets, which depend on their respective daily rates.
If positive input is to be used to override calculation rules, then it has to be selected as an override level for both earning and deduction elements.

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## Delivered Deductions

The system delivers these deduction elements for MPF industry schemes:

| *Casual Daily Deduction Elements for MPF Contributions* | | | *Description* |
|---|---|---|---|
| EEMPFDLYPRM | Gen Control | MPF GC EE-ER PRM | Employee MPF contribution during permitted period. |
| | Rate | MPF VR IND EE CNTR | |
| | Unit | MPF FM IND PERDAYS | |
| | Component | EEMPFDLYPRM_UNIT | |
| | Component | EEMPFDLYPRM_RATE | |
| | Auto Gen AC | EEMPFDLYPRM_ CYTDA | |
| | Auto Gen AC | EEMPFDLYPRM_CPTDU | |
| EEMPFDLYREG | Gen Control | MPF GC EE-ER REG | Employee MPF contribution during regular period. |
| | PreProcessFM | MPF FM IND RLV INC | |
| | Rate | MPF VR IND EE CNTR | |
| | Unit | MPF FM IND REGDAYS | |
| | Component | EEMPFDLYREG_UNIT | |
| | Component | EEMPFDLYREG_RATE | |
| | Auto Gen AC | EEMPFDLYREG_CYTDA | |

| Casual Daily Deduction Elements for MPF Contributions | | | Description |
|---|---|---|---|
| | Auto Gen AC | EEMPFDLYREG_CYTDU | |
| ERMPFDLYPRM | Gen Control | MPF GC EE-ER PRM | Employer MPF contribution during permitted period. |
| | PreProcessFM | MPF FM IND RLV INC | |
| | Rate | MPF VR IND ER CNTR | |
| | Unit | MPF FM IND PERDAYS | |
| | Component | ERMPFDLYPRM_UNIT | |
| | Component | ERMPFDLYPRM_RATE | |
| | Auto Gen AC | ERMPFDLYPRM_ CYTDA | |
| | Auto Gen AC | ERMPFDLYPRM_ _CYTDU | |
| ERMPFDLYREG | Gen Control | MPF GC EE-ER REG | Employer MPF contribution during regular period. |
| | PreProcessFM | MPF FM IND RLV INC | |
| | Rate | MPF VR IND ER CNTR | |
| | Unit | MPF FM IND REGDAYS | |
| | Component | ERMPFDLYREG_UNIT | |
| | Component | ERMPFDLYREG_RATE | |
| | Auto Gen AC | ERMPFDLYREG_CYTDA | |
| | Auto Gen AC | ERMPFDLYREG_CYTDU | |
| EEMPFDLVOL | Auto Gen AC | EEMPFDLVOL_CPTDA | Employee voluntary MPF contribution, if any, should be input using the Positive Input. |
| | Auto Gen AC | EEMPFDLVOL_CYTDA | |
| ERMPFDLVOL | Auto Gen AC | EEMPFDLVOL_CPTDA | Employer voluntary MPF contribution, if any, should be input using the Positive Input. |
| | Auto Gen AC | EEMPFDLVOL_CYTDA | |

**Note:** The system uses element DAILY RT to gather the contribution rate. MPF contribution is calculated using this formula:

MPF Contribution = Contribution Rate * (number of days in the relevant contribution period)

| Casual Non-Daily Deduction Elements for MPF Contributions | | | Description |
|---|---|---|---|
| EEMPFNDLYPRM | Gen Control | MPF GC EE-ER PRM | Employee MPF contribution during permitted period. |

| Casual Non-Daily Deduction Elements for MPF Contributions | | | Description |
|---|---|---|---|
| | Rate | MPF FM IND NDLPMRT | |
| | Unit | MPF FM IND NDLPMUT | |
| | Component | EEMPFNDLPRM_UNIT | |
| | Component | EEMPFNDLPRM_RATE | |
| | Auto Gen AC | EEMPFNDLPRM_ CYTDA | |
| EEMPFNDLREG | Gen Control | MPF GC EE-ER REG | Employee MPF contribution during regular period. |
| | Rate | MPF FM IND NDLRGRT | |
| | Unit | MPF FM IND NDLRGUT | |
| | Component | EEMPFNDLREG_UNIT | |
| | Component | EEMPFNDLREG_RATE | |
| | Auto Gen AC | EEMPFNDLREG_ CYTDA | |
| ERMPFNDLPRM | Gen Control | MPF GC EE-ER PRM | Employer MPF contribution during permitted period. |
| | Rate | MPF FM IND NDLPMRT | |
| | Unit | MPF FM IND NDLPRUT | |
| | Component | ERMPFNDLPRM_UNIT | |
| | Component | ERMPFNDLPRM_RATE | |
| | Auto Gen AC | ERMPFNDLPRM_ CYTDA | |
| ERMPFNDLREG | Gen Control | MPF GC EE-ER REG | Employer MPF contribution during regular period. |
| | Rate | MPF FM IND NDLRGRT | |
| | Unit | MPF FM IND NDLREUT | |
| | Component | ERMPFNDLREG_UNIT | |
| | Component | ERMPFNDLREG_RATE | |
| | Auto Gen AC | ERMPFNDLREG_ CYTDA | |
| EEMPFNDLVOL | Auto Gen AC | EEMPFNDLVOL_CPTDA | Employee voluntary MPF contribution amounts, if any, should be input using the positive input. |

| Casual Non-Daily Deduction Elements for MPF Contributions | | | Description |
|---|---|---|---|
| | Auto Gen AC | EEMPFNDLVOL_CYTDA | |
| ERMPFNDLVOL | Auto Gen AC | ERMPFNDLVOL_CPTDA | Employer voluntary MPF contribution amounts, if any, should be input using the positive input. |
| | Auto Gen AC | ERMPFNDLVOL_CYTDA | |

**Note:** Contribution rate is derived using the average daily income, in other words:

Contribution Rate = Total Earning / Period Days

Subsequently, the system uses element DAILY RT to calculate the relevant income and then MPF contribution using this formula:

Relevant Income = DAILY RT * (number of days in the relevant contribution period)

MPF Contribution = Relevant Income * Contribution Rate

## Identifying Industry Scheme Participants

PeopleSoft uses these variable elements to identify employees who participate in MPF industry schemes:

• MPF VR CASUAL FLG

Setting the character value is set to *Y* indicates that employees participate in industry schemes.

If the value is set to *N,* employees are participants of master trust schemes.

• MPF VR IND DLY EE

Setting the character value is set to *Y* indicates that employees are casual workers who are paid daily.

• MPF VR IND NDLY EE

Setting the character value is set to *Y* indicates that employees are casual workers who are *not* paid daily. They can be paid weekly, biweekly or monthly.

As mentioned earlier, MPF contributions for casual employees are calculated differently based on their payment schedules (daily and non-daily). Use these variable elements to specify casual employees' pay schedules at the pay group level on the "Defining Payee Overrides" (PeopleSoft HCM 9.2: Global Payroll).

**Image: Supporting Element Overrides page showing MPF VR CASUAL FLG and MPF VR IND DLY EE elements**

This example illustrates the fields and controls on the Supporting Element Overrides page showing MPF VR CASUAL FLG and MPF VR IND DLY EE elements.



Enter *Y* for both variables to indicate that employees are casual workers who are paid daily.

**Image: Supporting Element Overrides page showing MPF VR CASUAL FLG and MPF VR IND NDLY EE elements**

This example illustrates the fields and controls on the Supporting Element Overrides page showing MPF VR CASUAL FLG and MPF VR IND NDLY EE elements.



Enter *Y* for both variables to indicate that employees are casual workers who are not paid daily.

Note that the system does not deliver pay groups for industry schemes; you need to use existing or create new ones.

---

**Note:** It is not necessary to define and specify proration rules at the pay group level. The system delivers a proration rule (MPF PO IND ERNSLC) for industry schemes. This proration rule is based on the unit override value that is specified on the "Defining Payee Overrides" (PeopleSoft HCM 9.2: Global Payroll) and the working days in the period. It is used at the MPF deduction element level, and prorates based on the unit override value (set at the payee level) and the working days instead of calendar days.

---

## Delivered Element Groups

PeopleSoft delivers these element groups for use in MPF industry schemes:

• MPF EG IND DLYDED

   This element group is created for casual daily deduction elements.

• MPF EG IND DLYERN

   This element group is created for the casual daily earning element.

- MPF EG IND NDLYDED

    This element group is created for casual non-daily deduction elements.

- MPF EG IND NDLYERN

    This element group is created for the casual non-daily earning element.

Note that the system does not deliver eligibility groups for industry schemes; you need to use existing or create new ones.

**Image: Element Group Members page showing elements included in the MPF EG IND DLYDED group**

This example illustrates the fields and controls on the Element Group Members page showing elements included in the MPF EG IND DLYDED group.



## Payroll Processing

The payroll process identifies all employees who participate in industry schemes using three variable elements (or flags) that are specified at the pay group level. These elements are also used to resolve earnings and deductions for employees.

All deduction elements have a generation control to check the MPF VR IND DLY EE and MPF VR IND NDLY EE flags. Generation control results in true if the appropriate flag is set to *Y*. For example, all MPF deduction elements for daily paid casual employees have a generation control that checks for the MPF VR IND DLY EE flag. If the flag value is *Y*, then it resolves the deduction element. Similarly, for non-daily-paid casual employees, the corresponding generation control checks the MPF VR IND NDLY EE flag.

### Permitted Period Date Variables

The permitted period date values are stored in these variables:

- MPF VR IND PRMSTDT

- MPF VR IND PRMENDT

The formula MPF FM IND INIT sets these variables with the permitted period start and end dates. If the employee does not qualify for the permitted period deductions, then these variables will be set to 01/01/1900.

### Regular Period Date Variables

The regular period date values are stored in these variables:

• MPF VR IND REGSTDT

• MPF VR IND REGENDT

The formula MPF FM IND INIT populates values for these variables with the regular period start and end dates.

### Working Period Date Variables

The working period date values are stored in these variables:

• MPF VR IND WRKSTDT

• MPF VR IND WRKENDT

The formula MPF FM IND WRKINIT sets these variables with the employees working period start and end dates. For employees hired in previous periods, these dates are the same as period begin and end dates. However, for employees hired in the current period, the work begin date is the hire date.

### Permitted and Regular Period Days

These formulas are used to calculate permitted and regular period days:

• The formula MPF FM IND PERDAYS calculates the days in permitted period.

• The formula MPF FM IND REGDAYS calculates the days in regular period for employee contributions.

• The formula MPF FM IND RGLDAYS calculates the days in regular period for employer contributions.

### Daily and Non-Daily Paid Casual MPF Contribution Rates

The system delivers these brackets for MPF industry schemes:

• The bracket MPF BR IND CSL DLY maintains the MPF contribution rates for employee and employer for daily-paid casual employees.

• The bracket MPF BR IND CSLNDLY maintains the MPF contribution rates for employee and employer for non-daily-paid casual employees.

# Submitting the Remittance Statement

This section provides an overview of MPF remittance statements and discusses how to submit remittance statements.

# Page Used to Submit Remittance Statements

| Page Name | Definition Name | Usage |
|-----------|-----------------|-------|
| MPF Remittance Statement HKG Page | GPHK_MPF1_RC | Generate reports on employers' and employees' (mandatory and voluntary) MPF contributions for companies during the specified contribution period. |

# Understanding MPF Remittance Statements

The GPHKMPF1 Remittance Statement enables you to report on mandatory and voluntary MPF contributions that were deducted for the contribution period for the MPF provider. The statement is used to inform the trustee of the amount of MPF contributions paid for relevant employees.

If an employee changes pay groups in the pay period, the employee is reported only once under the most recent pay group. Active employees, excluding those who haven't been enrolled yet (under 18 or less than 60 days employment), are included in the statement even if they have no relevant earnings for the month. Employees with no relevant MPF earnings are included in the existing employees section of the report.

MPF contribution amounts are printed for each type of MPF deduction. Contributions for employees with different contribution periods (such as weekly and monthly) are reported in separate remittance statements.

As it is possible to have multiple pay groups with the same remittance period, you can enter multiple pay groups on the run control.

To provide for reporting terminated employees' MPF contributions, change the calendar payment date to the appropriate date, then run payroll for terminated employees through a group list. Having done this, you can generate the remittance statement for terminated employees because the report is generated by payment date and group list.

However, if you must run it for continuing employees, set the appropriate calendar payment date before running the payroll so that you can generate the report with the regular payment date and regular group list, excluding the terminated group list.

---

**Note:** While service providers might specify their own remittance statements, the MPF Authority specifies the content and format of the remittance statement with which the service provider must comply. The remittance statement has, therefore, been defined in accordance with the content and format of the statement specified by the MPF Authority.
The statement is sorted by recipient name (MPF provider), because while in most organizations there is only one provider, it is possible for an organization to use multiple MPF providers.
Legislation requires the employer to make MPF contributions within 10 days of the employee's termination date during regular periods. Therefore, you must generate the Remittance Statement within 10 days of termination.

---

# MPF Remittance Statement HKG Page

Use the MPF Remittance Statement HKG page (GPHK_MPF1_RC) to generate reports on employers' and employees' (mandatory and voluntary) MPF contributions for companies during the specified contribution period.

**Navigation**

Global Payroll & Absence Mgmt >Authority Correspondence >MPF Remittance Statement HKG

**Image: MPF Remittance Statement HKG page**

This example illustrates the fields and controls on the MPF Remittance Statement HKG page.



## MPF Contribution Period

**From Date** and **To Date**                    Specify the contribution period for which the report is run.

## MPF Category / Scheme

**Category**                                     Select the report you want to run. Valid values are:

*Industry Scheme/ Casual*: report for casual workers who joined the industry scheme. Casual workers are those who are employed on a day to day basis or for a fixed period of less than 60 days in the construction or catering industry.

*Trust Scheme/ Regular*: report for non-casual workers who joined the trust scheme.

**Chapter 9**

# Running Banking and Recipient Processes

## Understanding Banking and Recipient Processing

Global Payroll for Hong Kong supports net payment (employee salary) direct deposits and recipient payments using the electronic file (HSBC) format used by the Hong Kong and Shanghai Corporation Bank. Banking and recipient processing enables you to:

- Run an EFT file creation process to generate a file that includes employee salaries (net payments) and recipient payments.

  Net amounts and recipient payments are calculated by the core banking process and stored in the GP_PAYMENT result table.

- Generate data for delivering deduction details to the recipient.

  The process extracts payment information directly from the GP_PAYMENT result table to create the HSBC file.

- Decide whether to take the commission out of the recipient payment, as recipients may pay a commission to the pay entity.

- Keep track of your banking and recipient processing, and generate the following reports:

  - Net Payment report: Contains information about amounts transferred to employee accounts.

  - Recipient report: Contains details about amounts collected from employees on behalf of a recipient.

### Related Links
"Understanding Banking" (PeopleSoft HCM 9.2: Global Payroll)

## Understanding the Hong Kong Banking Process Flow

The Global Payroll banking process brings together payroll data, pay entity source bank data, and payee or recipient bank data. The Hong Kong EFT file creation process extracts data compiled by the banking process according to the type of EFT file that you are creating, merges it with data provided by the Hong Kong country extension, and creates the file for transmission.

Global Payroll handles the banking process as follows:

1. Runs the payroll process using Global Payroll.

   This provides the payment data for the banking process.

2. Runs the Global Payroll banking process.

   Net amounts and recipient payments are calculated by the core prepayment banking process and stored in the GP_PAYMENT result table. The payment status is set to *P* (prepared). The GP_PAYMENT result table contains one entry for every net pay distribution from every payment included in a calendar run and provides the basis on which an organization pays its payees.

3. Using Global Payroll for Hong Kong, run the Electronic File For Transfers Application Engine process (GPHK_EFT), which populates the HSBC file used for electronic fund transfer.

   In this step, the system selects payees from GP_PAYMENT with the following parameters:

   • Payment status: *P* (prepared).

   • Payment type: *01* (net pay distribution).

   • Payment method: *T* (bank transfer).

   • Currency code: *HKD*.

   The payment status for the selected payees is set to *T* (transferred) in GP_PAYMENT.

---

**Note:** You must run the banking process before the HSBC file generation process.

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### Related Links
"Understanding Banking" (PeopleSoft HCM 9.2: Global Payroll)

# Common Elements Used in These Topics

| | |
|---|---|
| **HSBC** | Hong Kong and Shanghai Banking Corporation. |
| **HSBC file** | Electronic file format, as described by the Hong Kong and Shanghai Corporation Bank (fixed-length file used for electronic fund transfer). |
| **HSBC EFT data** | Single process used to generate the data required for reporting in the EFT format, as defined by HSBC. |
| **Recipient** | Any third-party organization that has dealings with the employer using global payroll software. |
| **Net Payment** | Payment that includes employee salaries. |
| **Source Bank** | Money sources defined at the pay entity level, from which payroll disbursements are drawn. They identify each funding location and the EFT formats used by each institution. |

# Viewing Delivered Elements

The PeopleSoft system delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in *PeopleSoft HCM: Global Payroll*.

**Related Links**

"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

# Linking Source Banks To Pay Entities

To link source banks to pay entities, use the Pay Entity Bank Details HKG (GPHK_PYENT_SBNK) component.

After you identify your banks and branches, source banks are the first entities that you create as part of the banking feature in Global Payroll. Source banks identify each funding location and the EFT formats used by that institution.

This section discusses how to link source banks to pay entities.

## Page Used to Link Source Banks To Pay Entities

| Page Name | Definition Name | Usage |
|-----------|-----------------|-------|
| Pay Entity Bank Details HKG Page | GPHK_PYENT_BNK | Link a source bank to a pay entity and define the source bank's customer number that identifies the EFT formats used by that organization. |

## Pay Entity Bank Details HKG Page

Use the Pay Entity Bank Details HKG page (GPHK_PYENT_BNK) to link a source bank to a pay entity and define the source bank's customer number that identifies the EFT formats used by that organization.

**Navigation**

Set Up HCM > Product Related > Global Payroll & Absence Mgmt > Framework > Organizational > Pay Entity Bank Details HKG > Pay Entity Bank Details HKG

**Image: Pay Entity Bank Details HKG page**

This example illustrates the fields and controls on the Pay Entity Bank Details HKG page. You can find definitions for the fields and controls later on this page.

| | |
|---|---|
| **Pay Entity** and **Source Bank ID** | Link a specific pay entity with the source bank ID that is used to fund all payroll activities for all payees that are part of this pay entity. The system uses these links to:<br><br>• Locate (for net payments) source bank IDs and pay entities for the calendar group ID.<br><br>• Locate (for recipient payments) source bank IDs and pay entities for the debit date.<br><br>• Locate (for both net and recipient payments) the source bank IDs and pay entities for the debit date and the calendar group ID.<br><br>Define your source banks and account numbers on the Source Bank Accounts page. |
| **Customer Number** | For each source bank ID, identify the appropriate bank or branch customer number (bank reference number). This number identifies the EFT formats used by that institution and is used to generate the name of the electronic file.<br><br>The HSBC file name is the first 8 digits of the customer number with the APC file extension. Because HSBC has the profile of all customers, they verify the submitted file with the customer information. If the file is valid, they transfer the funds on the appointed date.<br><br>For example, the HSBC customer number for PeopleSoft Hong Kong is 586 2988 023-233. The autopay file for PeopleSoft Hong Kong is 58629880.APC. |
| **Customer Net Id** | Unique ID of the customer. |
| | **Note:** For Hong Kong HSBC File, both Customer Number and Customer Net id are required. |

### Related Links

"Source Bank Accounts Page" (PeopleSoft HCM 9.2: Global Payroll)

# Setting Up Additional Mandatory Provident Fund Report Details

To set up additional Mandatory Provident Fund (MPF) report details, use the Deduction Recipients HKG (GPHK_RCP_CMN) component.

This section discusses how to set up additional mandatory provident fund report details.

## Pages Used to Set up Additional Mandatory Provident Fund Report Details

| *Page Name* | *Definition Name* | *Usage* |
|---|---|---|
| Deduction Recipients HKG Page | GPHK_RECIPIENT_EXT | Enter additional recipient information including that required for the MPF Remittance Statement. Additional information must be captured for each MPF scheme. Define the commission calculation method for one or more pay entities and associate each recipient with a file layout name. |
| Add Recipient Mbrship Nbr HKG Page | GPHK_MEMBERSHIP_NO | Link employees to recipients using the employee's membership number. |

## Deduction Recipients HKG Page

Use the Deduction Recipients HKG page (GPHK_RECIPIENT_EXT) to enter additional recipient information including that required for the MPF Remittance Statement.

Additional information must be captured for each MPF scheme. Define the commission calculation method for one or more pay entities and associate each recipient with a file layout name.

**Navigation**

Set Up HCM > Product Related > Global Payroll & Absence Mgmt > Banking > Deduction Recipients HKG > Deduction Recipients HKG

**Image: Deduction Recipients HKG page**

This example illustrates the fields and controls on the Deduction Recipients HKG page. You can find definitions for the fields and controls later on this page.



**Note:** Multiple views of this page are available on the tabs in the scroll area. We document fields common to all views first.

### Common Page Elements

**File Layout Name**                    Select the appropriate file layout from those you have created in Application Designer for the electronic files you submit to your recipients.

| | |
|---|---|
| **Registration Number** | This is the MPF reference number and it appears on the MPF Remittance Statement. |
| **Pay Entity** | Enter the pay entity that is going to receive any commission payable by the recipient. If the commission is to be deducted from the payment due to the recipient, the debit to this pay entity's source bank will be reduced by the commission amount. |

## Commission & Scheme Details

You can define the commission calculation method for one or more pay entities and associate each recipient with a file layout name.

## Commission Tab

| | |
|---|---|
| **Recipient Group Nbr** (recipient group number) | When a transaction takes place between the employer and the recipient, it is common to have a unique identification number representing the organization. Enter the unique identifier which the recipient has supplied to your pay entity. For payment to recipients, the group number is part of the unique lodgment reference that is part of each recipient EFT file.<br><br>Associate a group number with the pay entity who will remit amounts to the recipient. This unique ID must be captured and maintained for the reports and electronic file supplied to the recipient. |
| **Commission Calc Option** (commission calculation option) | Commission is calculated either for reporting or for deducting the calculated amount (from the total amount transferred). Select the method used to calculate fee processing:<br><br>*Deduct* (deduct commission): The system deducts the commission amount from the payment due to the recipient. Select a Commission Calc Method, either flat amount or percentage.<br><br>*Report* (report only): The system reports the commission amount in the EFT file but doesn't deduct it from the payment.<br><br>Once a recipient has been identified for processing and the total amount to be paid is known, the system calculates commission (if you have specified it) and deducts the amount or fee from the total amount. This step is carried out only if the setup at the recipient level (for the pay entity) has been set to "calculate and deduct commission." |
| **Commission Calc Method** (commission calculation method) | Enter the commission as a percent rate *(Percentage)* or flat amount *(Flat Amt)*.<br><br>If commission is to be deducted, the appropriate value is calculated and the newly calculated amount is written to the file layout object:<br><br>• The flat amount commission payment calculation is: |

(Payment Amount) − (Commission Value)

- The percentage amount commission payment calculation is:

(Payment Amount) x (Commission Value)

| Commission Value | The flat amount or percentage of the commission to be calculated. If you select *Flat Amt* or *Percent* as the Commission Calc Method, you must enter a value in the Commission Value field. |
|---|---|
| | **Note:** You should enter the value as a decimal (2 percent as 0. 02). |

### Scheme Tab

The fields in this page are for MPF reporting.

| **Participation Number, Contact ID,** and **Contact Phone** | Just as recipients identify each employer with a group number, they also identify their employees, as a group, with a unique number that is also known as the participation number. |
|---|---|

## Add Recipient Mbrship Nbr HKG Page

Use the Add Recipient Mbrship Nbr HKG page (GPHK_MEMBERSHIP_NO) to link employees to recipients using the employee's membership number.

**Navigation**

Global Payroll & Absence Mgmt > Payee Data > Net Pay / Recipient Elections > Add Recipient Mbrship Nbr HKG > Add Recipient Mbrship Nbr HKG

**Image: Add Recipient Mbrship Nbr HKG page**

This example illustrates the fields and controls on the Add Recipient Mbrship Nbr HKG page. You can find definitions for the fields and controls later on this page.
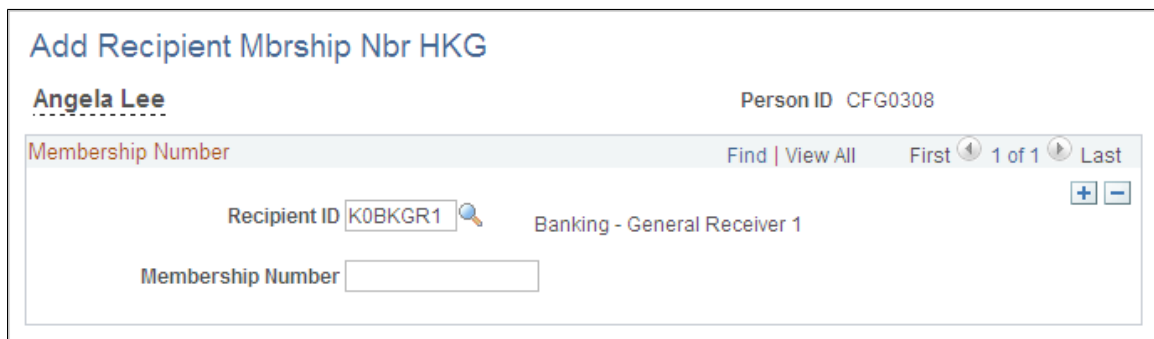


| Recipient ID | When a transaction takes place between the employer and the recipient, it is common to have a unique identification number |
|---|---|

representing the organization. Enter the unique identifier that the recipient has supplied to your pay entity.

**Membership Number**                    For reporting, employers must enter their MPF membership details for each of their employees. Just as recipients identify each employer with a group number, they also identify their employees (associated with the employer) with a unique number that is also known as the participation number.

The membership number is used on the reports and electronic file supplied to the recipient.

# Managing Electronic Fund Transfers to Recipients

This section provides an overview of the EFT HSBC file and discusses how to manage electronic fund transfers to recipients.

## Pages Used to Manage Electronic Fund Transfers to Recipients

| *Page Name* | *Definition Name* | *Usage* |
| --- | --- | --- |
| Create EFT Payment File HKG Page | GPHK_EFT_RUNCTL | Enter run parameters and initiate the Electronic File For Transfers Application Engine process (GPHK_EFT), which creates the EFT file for the bank transfer and the reports. This page enables you to decide whether the EFT file should contain net payment data, recipient payment data, or both. |
| Net Payment Report HKG Page | GPHK_NPY_RUNCTL | Generate the Net Payment report that contains information on amounts transferred to employee accounts. Lists the same details that are written to the electronic file (generated for net payments). |

## Understanding the EFT HSBC File

The Hong Kong-standard HSBC file for EFT is created by a process that provides multiple options that control what each file contains. You can create an EFT file that contains:

• Net pay data only.

• Recipient data only.

• Net pay and recipient data.

**Image: Tables contributing data to the HSBC file**

The following diagram shows the tables that contribute data to the HSBC file that is part of the EFT file:
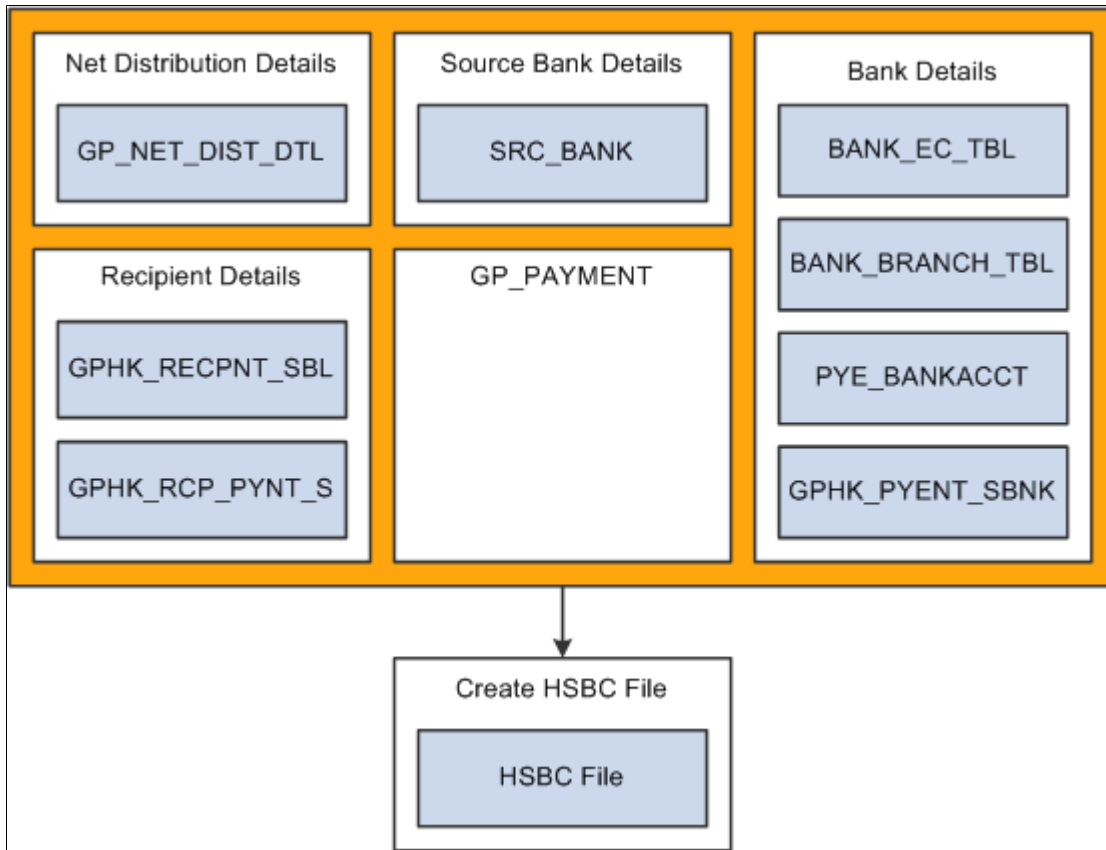


**Note:** You must finalize your banking process (GP_PMT_PREPARE) before you can create the HSBC file. After the HSBC file has been created, the system changes PMT_STATUS on GP_PAYMENT from *P* (prepared) to *T* (transferred).

# Create EFT Payment File HKG Page

Use the Create EFT Payment File HKG page (GPHK_EFT_RUNCTL) to enter run parameters and initiate the Electronic File For Transfers Application Engine process (GPHK_EFT), which creates the EFT file for the bank transfer and the reports.

This page enables you to decide whether the EFT file should contain net payment data, recipient payment data, or both.

**Navigation**

Global Payroll & Absence Mgmt > Payment Processing > Create EFT Payment File HKG > Create EFT Payment File HKG

**Image: Create EFT Payment File HKG page**

This example illustrates the fields and controls on the Create EFT Payment File HKG page. You can find definitions for the fields and controls later on this page.



| Payment Type | The EFT file that the system creates contains only payments of the type that you specify. The value that you select here enables you to identify which details are written to the EFT file and determines the other fields that you must complete on this page. |

*Net Pay Distribution:* Enter a calendar group ID and payment date. You don't need to enter a debit date or recipient ID. Only employee salary details (net payments) are processed. The system selects employees with a payment method of bank transfer for the specified calendar group. When processing net payments, multiple pay entities are associated with a single calendar group ID, and there is a distinct EFT file for each pay entity, regardless of whether they use HSBC or some other format.

*Recipient Payment:* Enter a debit date. You don't need to enter a calendar group ID. Recipient payments are selected. You might be processing payroll weekly but paying the recipient only once per month or quarter. Therefore, if you processed by calendar group ID, you produce only one period of payments for the recipient. This problem is overcome by using the Debit Date field. You can enter the date on which recipients must be paid. The date that you enter is compared to the Debit Date field in the GP_PAYMENT result table. All matching rows for the selected recipient in which the payment type is *Recipient Payment* or *Net Pay and Recipient* are retrieved for processing.

*Net Pay and Recipient:* Enter a calendar group ID, debit date, and recipient ID.

|  | To process recipients, the payment type can be either *Recipient Payment* or *Net Pay and Recipient*—both are included. Both payments are processed if you select both payment types. |
|---|---|
| **Calendar Group ID** | Enter the calendar group ID for which you want the file to be created. This enables you to select a separate pay calendar to pay a smaller group of employees on a different date. |

**Note:** There is a possibility of using multiple EFT formats to generate the electronic file. There might be multiple pay entities in a single calendar group ID, which means that the process can create separate flat files for each pay entity.

| **Payment Date** | Enter the date passed to the EFT file header on which the fund amount is transferred between accounts by the bank. Enter a date regardless of the payment type that you select. |
|---|---|
| **Debit Date** | Identifies the recipient transactions that should be selected for processing. The system extracts recipient payments for which the deposit schedule date equals the deposit date. |

### Recipients List

| **Recipient ID** | Select recipients to be paid by bank transfer. |
|---|---|
|  | A recipient is paid only if the payment method in the GP_PAYMENT result table has been identified as *T* (bank transfer). A recipient identified with a payment method other than bank transfer is not processed, even if selected here. |

**Note:** Leaving this field blank indicates that a file must be created for all recipients.

# Generating Recipient Payment Report Files

This section provides an overview of recipient payment files and discusses how to create the recipient payment file.

## Pages Used to Generate Recipient Payment Files

| *Page Name* | *Definition Name* | *Usage* |
|---|---|---|
| Create Recipient File HKG Page | GPHK_RCP_RUNCTL | Generate your recipient payment file. This process stores recipient IDs that should be included during the EFT process for the recipient payment. |

| Page Name | Definition Name | Usage |
|---|---|---|
| Recipient Payment Report HKG Page | GPHK_RCP_RUNCTL | Generate the Recipient Payment report, which contains details of amounts collected from employees on behalf of a recipient. The report lists the same details that are written to the electronic file (generated for recipients). |

# Understanding Recipient Payment Files

It is common for organizations to transmit a file to a recipient so that they can update their records. For example an organization might pay a recipient weekly and, at the end of the month, deliver a file with all of the payment details. Recipients generally specify the information that they want and the report file layout. After you create the file layout, link it to the recipient on the Deduction Recipients HKG page.

You can select the appropriate file layout from those that you created in PeopleSoft Application Designer for the electronic data (report) files that you submit to your recipients. When you run the creation process, the system creates the file in the layout that you specify here.

PeopleSoft supplies a sample file layout for the recipient file template, GPHK_RCPNT_FILE.

---

**Important!** The Application Engine program GPHK_RCPFILE is written to process only the GPHK_RCPNT_FILE recipient schedule file. You can make minor changes to that file, for example field order, but if you make major file layout changes you will need to create additional Application Engine programs to process them.

---

# Create Recipient File HKG Page

Use the Create Recipient File HKG page (GPHK_RCP_RUNCTL) to generate your recipient payment file.

This process stores recipient IDs that should be included during the EFT process for the recipient payment.

**Navigation**

Global Payroll & Absence Mgmt > Payment Processing > Create Recipient File HKG > Create Recipient File HKG

**Image: Create Recipient File HKG page**

This example illustrates the fields and controls on the Create Recipient File HKG page. You can find definitions for the fields and controls later on this page.



| Debit Date | Enter a date to initiate the process. The process retrieves all recipient payments for which the debit date in the GP_PAYMENT result table equals the debit date that you entered on the Create EFT Payment File HKG page. |
|---|---|
| | The system extracts payment data for which the deposit date equals the date that you enter here. |

**Recipients List**

| Recipient ID | Enter one or more recipient IDs to restrict the number of recipients being processed and reported. |
|---|---|

**Note:** This page should contain the same values that you entered for the generation of the file for bank transfer. A different set of values can lead to generating a file with a totally different set of information. For example, if you ran the bank transfer with a payment date of March 31, 2007 and the recipient payment file is generated for February 28, 2007, the results are not the same. You should use the same run time parameters.

**Related Links**

Managing Electronic Fund Transfers to Recipients

# Processing Manual and Separate Cheques

This section discusses how to:

• Process manual cheques using calendars.

• Process separate cheques.

## Processing Manual Cheques Using Calendars

Organizations are often required to produce manual cheques for their employees. When required, all values are calculated and paid outside of the payroll system. PeopleSoft enables you to enter these values in the system to keep the employee's earning history current.

If a payment to a payee is missed in Global Payroll, enter the values into the pay calendar in which the payment should have occurred. The system recognizes that the pay calendar has been finalized and considers changes made to that calendar during retroactive processing.

To use calendars for manual cheques:

1.  Create a new calendar ID and calendar group ID.

    If you incorporate into the naming convention of the calendar group ID a notation that the run was specifically for manual cheques, you can identify at the employee level that the payment was not banked.

2.  Add or correct the data (through positive input) in the calendar in which the payment should have occurred.

    If the amounts have already been calculated and paid, enter these values here and retro process the entered amounts.

3.  Run the pay calculation process for the new calendar.

4.  Finalize the pay run when you are satisfied that the results are correct.

5.  Use the results of the calculation to create and issue the cheque.

---

*Warning!* Don't run the banking process. This prevents the payment from being sent to the bank.

---

## Processing Separate Cheques

It is also common for employers to have local agreements that require certain payments to be assigned to a separate cheque number. PeopleSoft enables you to assign additional earnings to a separate cheque number, either on a one-time basis through positive input or on a more permanent basis through additional earnings. When you run the pay calculation process, a separate gross-to-net calculation is performed.

You typically use separate cheque functionality for bonus payments and retro payments, and the result in the pay calculation is a separate gross-to-net calculation.

To process separate cheques in Global Payroll, set up a new calendar, enter positive input, and process the pay run as usual. (Retro payments can be made in separate calendars, but most earnings need a generation control so that they are not processed in the retro run.)

Employees might also request that their net pay, as the result of this separate calculation, be deposited to a different bank account than that of their regular pay. Global Payroll enables employees to have multiple net distribution details, but they are defined by run type. If you defined a run type for regular run type and another for bonus run type, then the employee can nominate a different bank account for each run.

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**Note:** If this method is used to pay into a different bank account, then retro mismatches occur. When retro triggers are processed, you must manually forward the deltas to a target calendar on the Unprocessed Retro Deltas page.

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**Chapter 10**

# Printing and Viewing Payslips

## Printing Payslips

This section provides an overview of payslip printing and discuses how to print payslips.

## Page Used to Print Payslips

| Page Name | Definition Name | Usage |
|---|---|---|
| Create/Print Payslips HKG Page | GPHK_RUNCTL_PSLP | Generates the payslip. Note that you must first define the Calendar Group ID to generate the payslip. All groups selected in the Group ID field will automatically be recreated during the payroll run. |

## Understanding Payslip Printing

The template that you defined controls the layout of the printed payslip.

You print payslips by calendar group ID. You can restrict the payslips printed from the pay run associated with the calendar group ID.

You can print payslips for:

- An entire calendar group ID.

- Individual payees for the selected calendar group ID.

- Groups of payees in the selected calendar group ID by pay entity, pay group, department, or location.

## Viewing Delivered Elements

The PeopleSoft system delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in *PeopleSoft HCM: Global Payroll*.

### Related Links

"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

## Create/Print Payslips HKG Page

Use the Create/Print Payslips HKG page (GPHK_RUNCTL_PSLP) to generates the payslip.

Note that you must first define the Calendar Group ID to generate the payslip. All groups selected in the Group ID field will automatically be recreated during the payroll run.

**Navigation**

Global Payroll & Absence Mgmt > Payslips > Create/Print Payslips HKG > Create/Print Payslips HKG

**Image: Create/Print Payslips HKG page**

This example illustrates the fields and controls on the Create/Print Payslips HKG page. You can find definitions for the fields and controls later on this page.
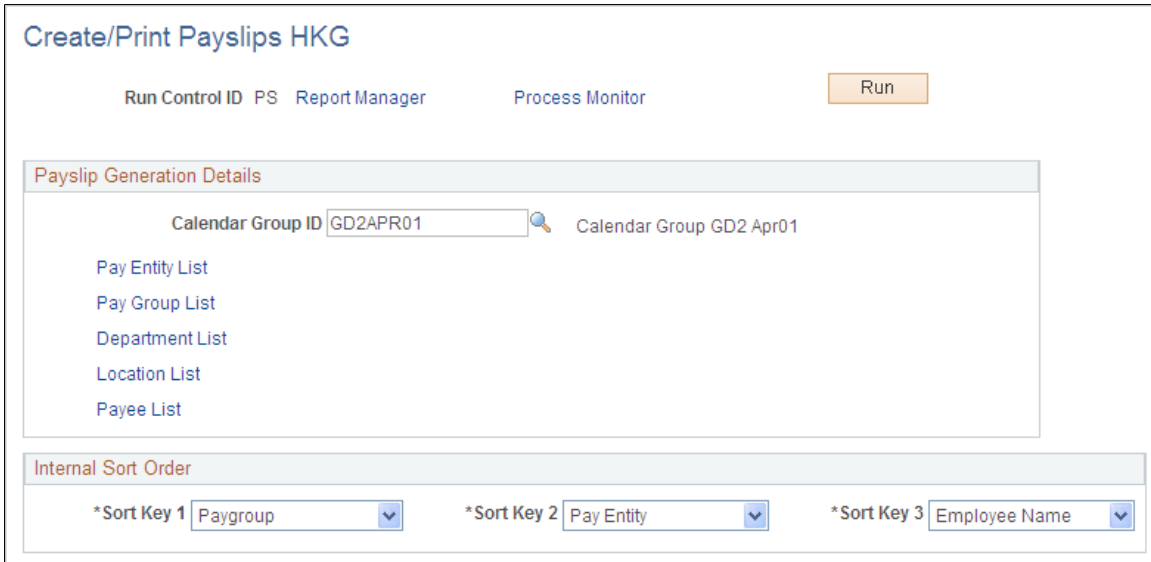


| **Calendar Group ID** | Select the calendar group for which to create payslips. |
|---|---|
| **Pay Entity List, Pay Group List, Department List, Location List,** and **Payee List** | If you want to print payslips for select portion of the calendar group, you can print payslips only for selected pay entities, pay groups, departments, locations, or payees by selecting one of these links and selecting those pay entities, pay groups, departments, locations, or payees for which to create payslips. |
| **Sort Key 1, Sort Key 2,** and **Sort Key 3** | You can set up to three sort keys from the following options: *Department, Employee Name, Location, Not Applicable, Pay Entity,* or *Pay Group.* If you select *Not Applicable,* the program prints payslips by employee ID. |

# Overriding Payslip Delivery Options

The default delivery option for all payslips is the internal or external address that you selected when you defined your payslip template. You can set an effective-dated override of that delivery option at payee level using the Payslip Delivery Option HKG page.

## Page Used to Override Payslip Delivery Options

| Page Name | Definition Name | Usage |
|-----------|-----------------|-------|
| Payslip Delivery Option HKG Page | GPHK_PSLP_PYE | Specify an override for the delivery option for a payee. |

# Viewing Payslips Online

If you license the PeopleSoft ePay application, employees can view an online version of the payslip as a self-service transaction. To aid in resolving questions raised by employees about their payslips, the payroll administrator can view employees' self service payslips in an online view that replicates the employees' view. What you see online is based upon the layout defined in your payslip template, just as what you see on the printed payslip is based on the payslip template.

### Related Links
"Setting Up View Payslip" (PeopleSoft HCM 9.2: ePay)
"Viewing Payslips Online" (PeopleSoft HCM 9.2: ePay)

**Chapter 11**

# Managing Off-Cycle Payments for Hong Kong

## Understanding Off-Cycle Processing

This section discusses:

- The off-cycle process.

- Types of off-cycle transactions.

- Viewing of delivered elements.

## The Off-Cycle Process

Off-cycle processing refers to processing payments and making corrections to payroll results outside of the normal payroll schedule. Off-cycle transactions are usually made to correct prior payments, enter manual payments, or to make early termination payments that can't wait until the next scheduled payroll.

## Types of Off-Cycle Transactions

The four types of off-cycle transactions are:

1. Manual payments

   Manual payments enable you to enter payments that you have calculated and paid outside of the payroll system. Examples include paying a new hire with a manual check, because their pay details were not entered in time for the normal pay run.

2. Corrections

   Corrections enable you to correct results of any finalized payroll. Examples include reversing a sick leave payment when workers compensation should have been paid.

3. Unscheduled payments

   Unscheduled payments enables you to enter one-time payments that fall outside the normal payroll process. Examples include one time bonuses or expense reimbursement.

4. Advances

   Advances enables you to pay payees before their normally scheduled pay run. Examples include salary due on termination.

# Viewing Delivered Elements

The PeopleSoft system delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in *PeopleSoft HCM: Global Payroll*.

### Related Links
"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

# Recording Manual Payments for Hong Kong

This section provides an overview of recording manual payments and provides examples of how to use the manual payment functionality with the Hong Kong delivered rules.

## Manual Payments

When entering manual payments for Hong Kong payees, Oracle recommends that all calculations be manually calculated outside the system and then entered. The following areas must be considered when entering manual payments:

*   Selecting the *Period (Calendar) Paid* and *Payment Date* on the Period Calendar tab of the Manual Payments page.

    The selection of the period paid and payment date must be considered carefully. When selecting the period paid, Oracle recommends that you select the previous finalized calendar or the current open calendar. The selection of the payment date directly affects how elements are accumulated. For example, if you have an accumulator that accrues based on period end date, the payment date may not update the accumulator balances at the right time.

*   Selecting processing controls on the Manual Payments page.

    The *Period Begin Date* and *Period End Date* should default after selecting the *Period (Calendar) Paid.* Oracle recommends that these dates not be changed as the delivered Hong Kong rules have been designed to calculate using whole periods and may not automatically segment if a partial period is entered.

    The run type defaults from the *Period (Calendar) Paid* and Oracle recommends that the default be used. To ensure that the payee's manual payment is processed by the system, the *Allow Duplicates* check box must be selected on the run type; otherwise, the payee may not be processed again if the system detects that they have already been processed in the period.

    *Stop Regular Resolution* enables you to stop the resolution of all elements on the process list except the elements entered into the manual payment. If you decide to allow regular resolution, an analysis would be required to understand the impact on your supporting elements.

    If using the Limited Element Set, you must ensure that all elements calculate independently of pre- or post-processing formulas, as these do not resolve during off-cycle processing.

**Note:** Manual payments are used to record monetary values only; absence accumulators are not updated using this method.

# Entering Corrections for Hong Kong

This section provides an overview of corrections and provides examples of how to make corrections using the Hong Kong delivered rules.

## Correction Request Detail Page

Use the Correction Request Detail page of the Off Cycle Request component (GP_OFFCYCLE_SETUP) to change finalized results, usually due to a user error. This method uses period-to-date logic built into the Hong Kong delivered statutory rules.

The following areas must be considered when entering corrections:

- All earnings and deductions must have period-to-date logic applied.

- The corrective method is used to correct pay accumulators only. Absence accumulators cannot be corrected.

When you use the corrective retro method for MPF (Mandatory Provident Fund) calculations, the retroactive payment is calculated for the payroll period that you correct.

Prior to the calculation, you must set up the retro process on the Off Cycle on Demand page to correct relevant element values on previous payroll periods, especially for cases like Retro-Hire, Termination-Rehire, and Special Relevant Income for MPF transactions.

- Retro-Hire is when a person was hired prior to the pay period in which they receive the payment and you want to have that income on the pay period in which the person was hired and recalculate that period.

- Termination-Rehire is when a person is rehired after termination, has income from the termination, and you want to have the relevant income on the prior-termination pay period and recalculate it.

- Retro Special Relevant Income is when a person has received a decreased back payment of earnings related to MPF, and MPF relevant income has exceeded the MPF maximum level before the back payment was given.

**Note:** When you create an Off Cycle Request, set the Positive Input to PI Calendar To Correct, and set the Retro Method to Forced Corrective.
To rehire a person, you must add a new job row with the action of Rehire and update the sequence for Balance Group Nbr on the Payroll page so that accumulators in the IR56 report can track the correct amount in the corresponding pay period.

**Navigation**

Set Up HCM >Product Related >Global Payroll & Absence Mgmt > Absence and Payroll Processing > Off Cycle > Off Cycle On Demand

**Image: Correction Request Detail page**

This example illustrates the fields and controls on the Correction Request Detail page. You can find definitions for the fields and controls later on this page.



| | |
|---|---|
| **PI Calendar To Correct** | Select this link and identify the pay period to correct. |
| **Retro Method** | Select the *Forced Corrective* option to use the corrective retro calculation method. |

# Making Unscheduled Payments for Hong Kong

This section provides an overview of unscheduled payments and provides examples of how to make unscheduled payments using the Hong Kong delivered rules.

The Unscheduled Payments page of the Off-Cycle Requests component (GP_OFFCYCLE_SETUP) is used to make one-time payments that are processed outside of the on-cycle payroll. Examples include bonuses and expense reimbursements. This method uses period-to-date logic built into the Hong Kong delivered statutory rules when calculating.

The following areas need to be considered when entering unscheduled payments:

• All earnings and deductions need to have period-to-date logic applied.

- When selecting the period paid, it is recommended that you select the previous finalized calendar or the current open calendar.

- This method is used to record monetary values only. Absence accumulators will not be updated.

# Advancing Payrolls for Hong Kong

This section provides an overview of advance payrolls and provides examples of how to make advance payrolls using the Hong Kong delivered rules.

The Advance Payrolls page of the Off-Cycle Requests component (GP_OFFCYCLE_SETUP) is used when you would like to pay an employee before their normal on-cycle pay run. For example an employee is terminating employment with your organization, and the termination payment needs to be paid immediately and not in the next on-cycle pay run. The following is recommended when making advance payments:

- Always select the next open calendar, as skipping calendars may update accumulators incorrectly.

- Absence accumulators will calculate automatically for the calendar group selected.

**Note:** Advance Payroll does not replace Pay in Advance functionality used for Hong Kong absences.

**Chapter 12**

# Processing Inland Revenue Reports

## Understanding Hong Kong Inland Revenue Reporting

You must generate several reports to comply with Hong Kong legislative payroll requirements. These reports are statutory and report the following information:

- *IR56B:* Employer's return of remuneration and pensions.

- *IR56E:* Notification by employer of an employee commencing work.

- *IR56F:* Notification by employer of an employee about to cease employment.

- *IR56G:* Notification by employer of an employee about to depart Hong Kong.

- *IR56M:* Notification of remuneration paid to persons other than an employee.

We discuss all aspects of the creation of the data for these Inland Revenue reports. This includes all of the pages that enable, generate, and maintain both employee and company identification and biographical data that support the reporting requirements of the Hong Kong Inland Revenue Department (IRD).

To ensure that you populate all of the available details required for your Inland Revenue reports, it is important that you follow the correct sequence of steps:

1. Set up report data using the following pages:

    - Report Element Setup.

    - Departure Details.

    - Principal Employer of PT EE.

    - Employee Housing Quarters.

    - Self Employed Data.

    - Overseas Concern Details.

    - IR56 Creation Controls HKG.

    - Tax Reference Number Details.

    - IR56 Exchange Rate Definition.

2. Generate IR56 report data using the Create IR56 Data HKG page.

3. Review and maintain IR56 report data using the following pages:

    - IR56 Personal Details.

- IR56 Job / Quarters Details.

- IR56 Monetary Details.

4. Generate IR56 reports using the Print pages for each of the reports (IR56B, IR56M, IR56E, IR56F and IR56G).

5. Generate the IR56B Electronic File using the IR56 Electronic File Creation page.

**Note:** Inland Revenue reports also use personal data, such as spouse details and national IDs. You can check this information after you run the reports using the IR56 Personal Details page.

# Generating Inland Revenue Report Data

This section provides an overview of the Inland Revenue Report data creation process and discusses how to generate the IR56 report data.

## Page Used to Generate Inland Revenue Report Data

| Page Name | Definition Name | Usage |
|---|---|---|
| Create IR56 Data HKG Page | GPHK_IR56_CREATE | Run the process that captures information required for generating IR56 data and reports. After the process is initiated, the system identifies eligible employees and retrieves the information required for reporting. |

## Understanding the Inland Revenue Report Data Creation Process

The Inland Revenue Report data creation process generates data for all Inland Revenue reports. The Inland Revenue Department has defined the report layout and the conditions that must be met while generating the IR56 reports. These conditions affect the way in which you generate and store the data in PeopleSoft tables.

The GPHK_IR56_TBL table stores the results of the data generated by the data creation process. This data is used for viewing and generating the IR56B electronic file and hard copy reports.

**Note:** The IR56 creation program maintains the creation date. During the printing of IR56 documents, if the system identifies a document as a replacement, the system retrieves the date when it created the earlier version and uses that as the submission date.

## Viewing Delivered Elements

The PeopleSoft system delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in *PeopleSoft HCM: Global Payroll*.

**Related Links**

"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

# Create IR56 Data HKG Page

Use the Create IR56 Data HKG page (GPHK_IR56_CREATE) to run the process that captures information required for generating IR56 data and reports. After the process is initiated, the system identifies eligible employees and retrieves the information required for reporting.

**Navigation**

(Global Payroll & Absence Mgmt > Year-End Processing > Create IR56 Data HKG > Create IR56 Data HKG).

**Image: Create IR56 Data HKG page**

This example illustrates the fields and controls on the Create IR56 Data HKG page. You can find definitions for the fields and controls later on this page.



| Tax Reference Number | Select the tax reference number representing the pay entity (or entities) for which the IR56 must be generated. IR56 reports all run by tax reference number, which has a major impact on the way the system creates and stores IR56 data. For every employee attached to the pay entity (sharing the tax reference number), the system combines amounts for each year to date element by currency code and stores them in the IR56 result tables. After the process is completed, you can use the IR56 Monetary Details page to enter adjustments to reflect the amount that should be reported on the IR56 documents. |
|---|---|
| Tax Year | Enter the period for which the report must be reported. Hong Kong has set the tax period to be April 1 to March 31. Enter the year with 4 digits (for example, 2006). |

**Note:** Although the tax year is not required for the IR56G and IR56F reports, you must still enter it.

**Recreate**

When you run the IR56 generation process for the first time, the value of this field does not matter. Data is generated for the selected employees or all eligible employees of the pay entity.

When you initiate the process again with the same parameters, the Recreate check box determines the following:

If you select the check box:

• Employees (records in the IR56 table) that belong to the select group are deleted if the document created earlier has not been issued. Manual changes or information entered on the employee record using the IR56 Inquiry component are retained and included in the new record created for the employees.

• If employees have been issued the respective document, a new employee record is generated on top of the existing one. The newly created record is identified as a replacement record. Manually entered information in the earlier version is copied into the new record.

If you deselect the check box, records are generated for the select group only if they don't already have a record existing. The record created is identified as an original record.

**Note:** The select group is the employee list entered on the run control page or the employees that are selected based on the criteria entered on the run control page for a specific pay entity.

**Begin Date** and **End Date**

These fields are required for the IR56F, IR56G, and IR56E reports. They enable you to narrow down the criteria of employee for whom the report should be generated. The begin and end dates are the tax period for which the employee received a particular amount.

For an IR56F, employees whose termination dates occur during the specified date range are selected.

For an IR56G, employees whose departure dates from Hong Kong occur during the specified date range are selected.

For an IR56E, employees whose hire dates occur during the specified date range are selected.

Unlike the IR56B and IR56M reports, in which balances for employees must be retrieved as of the end of the year, balances in this case are retrieved as of the period end date. The process

identifies the last finalized pay calendar that is closest to the period end date and retrieves the balances for reporting.

## Selected Employee List for IR56

**EmplID** (employee identification)    You can initiate the data creation process for a specific set of employees by selecting one or more employees.

Although you can select an employee ID, the process still decides if an employee is eligible to receive the selected IR56 document. For example, if you are running the process to create IR56B and you select an employee who has been terminated, the process ignores this employee.

## Working with Report Types

| *Report Type* | *Processing* |
|---|---|
| Annual Return For Employees<br><br>IR56B | Employees who are active at the end of the tax year are selected for processing. Active employees are identified by their employee status. Values are:<br><br>A: Active.<br><br>P: Leave with pay.<br><br>Q: Retired with pay.<br><br>U: Terminated with pay.<br><br>The value is matched with the current row in the JOB record for the employee. Because an employee can have multiple jobs, the status is checked against all of the job records for the employee. An employee is considered active when at least one job record matches the previously mentioned employee status. |
| Annual Return For Non-Employee<br><br>IR56M | Non-employees who are active at the end of the tax year are selected for processing. The same processing as IR56B occurs. |
| Notify Employee Departing HKG<br><br>IR56G | Employees whose dates of departure from Hong Kong are during the period that you specify are selected for processing. |
| Notifying New Employee<br><br>IR56E | Employees whose hire dates are during the period that you specify are selected for processing. |

| Report Type | Processing |
|---|---|
| Notifying Terminating Employee<br><br>IR56F | Employees who have been terminated during the period are selected for processing. Employees are considered terminated when all the concurrent jobs associated with their EmplIDs have been terminated.<br><br>The Employee Status field in the JOB record identifies whether an employee is active or inactive. Valid employee status values to identify terminated employees are:<br><br>A: Active.<br><br>P: Leave with pay.<br><br>Q: Retired with pay.<br><br>U: Terminated with pay.<br><br>An employee is considered inactive when all the job records match the previously mentioned employee status. The process ensures that the employee has not been issued an IR56B or IR56G for the same period of employment. |

**Note:** The employee status is only one of the parameters used to determine whether the employee is eligible to receive an IR56 report. The second parameter is the YTD balance that is maintained by payroll.

# Reviewing and Maintaining IR56 Report Data

This section provides an overview of Inland Revenue reporting generated data inquiry pages.

## Pages Used to Review and Maintain IR56 Report Data

| Page Name | Definition Name | Usage |
|---|---|---|
| IR56 Personal Details Page | GPHK_IR56_INQ1 | View the IR56 details generated for the employee and review an employee's personal information including their identification details, spouse details and address history. |
| IR56 Job / Quarters Details Page | GPHK_IR56_INQ2 | View the IR56 details generated for the employee. This page provides job-related and housing quarter information provided to the employee including country departure and employee residence quarters details. The employee residence quarters details default from the details you set up on the Employee Housing Quarters page. The country departure details default from the details you set up on the Departure Details page. |

| Page Name | Definition Name | Usage |
|-----------|-----------------|-------|
| IR56 Monetary Details Page | GPHK_IR56_INQ3 | View the IR56 details generated for the employee and enter employee monetary and tax details. Specific group boxes for each report type also appear. |

## Understanding Inland Revenue Reporting Generated Data Inquiry Pages

After you set up and generate the data required for Inland Revenue reporting and generate those forms, you can review the results and maintain available fields. The IR56 Inquiry component enables you to view and amend the generated IR56 data.

To access the component, enter the specific Inland Revenue report type, tax year, run number, employee ID, or pay entity. The inquiry pages display the information generated for an employee for specific report types. The fields on these inquiry pages contain three types of values:

- Values generated from related tables that you cannot modify.

- Values that you can enter only on the inquiry page because there is no way of calculating the value.

- Values generated by the IR56 data creation process, which you can override by entering an adjustment amount.

  The adjustment amount is captured and maintained in a separate field.

## IR56 Personal Details Page

Use the IR56 Personal Details page (GPHK_IR56_INQ1) to view the IR56 details generated for the employee and review an employee's personal information including their identification details, spouse details and address history.

**Navigation**

Global Payroll & Absence Mgmt > Authority Correspondence > Review/Update IR56 Data HKG > IR56 Personal Details

**Image: IR56 Personal Details page**

This example illustrates the fields and controls on the IR56 Personal Details page. You can find definitions for the fields and controls later on this page.



| Issue Status | Displays the level of the report. The value is *Not Issued* when the process generates the data, but the printing process has not been completed. When you run the printing process, the value changes to *Issued.* To stop a particular record from being processed, select *On Hold.* This status stops both the electronic file process and the printing process from processing the record.

You can also change the status back to *Not Issued.* |
|---|---|
| Electronic File Status | If you are creating an IR56B for an employee after you have sent the electronic file to the IRD, there are additional records that weren't included in the initial file. The new electronic file status is *Supplementary.* The status of the initial file is *Sent.* |

## Employee Identification Detail and Employee Spouse Details

In addition to employee details, statutory reports must report details of the employee's spouse. The Workforce Administration menu in HR provides the Dependent Information (DEPEND_BENEF) and Depdnt Identification Details (IDENTIFICATN_DEP) components to maintain spouse details.

| | |
|---|---|
| **Name** | Displays the employee's full name details. The Name History page in Workforce Administration enables you to enter employee names in non-English characters. You can enter names in Chinese and English at the same time in separate fields. |
| | PeopleSoft enables you to enter employee names in alternate characters. This feature is available in the Workforce Administration - Personal Details component in HR. |
| | **Note:** The Chinese name is used in correspondence with the Inland Revenue Board and is used on the employee's payslip. |
| **National ID** | It is necessary to store the employee and spouse Hong Kong Identity Card (IC) numbers or Tax File Numbers. This information is used in correspondence with the Inland Revenue Department. It is also necessary to store the Identity Card numbers of the employee's dependants. |
| | The details are retrieved from the National ID table (PERS _NID) under Personal Data. The DEP_BENEF_NID table contains different IDs for an employee's spouse. |
| **Passport Number** | Displays the employee or spouse passport number (required for noncitizens). The CITIZEN_PSSPRT table contains passport details of both employees and their dependants. |

## Address History

| | |
|---|---|
| **Edit Address** | To change any of the default address details, select this link to access the Edit Address page. |

# IR56 Monetary Details Page

Use the IR56 Monetary Details page (GPHK_IR56_INQ3) to view the IR56 details generated for the employee and enter employee monetary and tax details.

Specific group boxes for each report type also appear.

**Navigation**

Global Payroll & Absence Mgmt > Authority Correspondence > Review/Update IR56 Data HKG > IR56 Monetary Details

**Image: IR56 Monetary Details page**

This example illustrates the fields and controls on the IR56 Monetary Details page. You can find definitions for the fields and controls later on this page.



## Total Amount

| **IR56 Report Element** and **Element Name** | Displays predetermined categories that appear in Inland Revenue reports. |
|---|---|
| | Associate payroll accumulators (element names) that must be reported against an IR56 report element instead of rerunning payroll to populate the accumulators. |
| | Associate payroll accumulators with IR56 report elements on the IR56 Report Data HKG page. |
| **Begin Date** and **End Date** | Displays the dates during which the element and accumulator link are effective. |

---

**Note:** These fields are editable if the issue status not *Issued.*

---

| | |
|---|---|
| **Adjustment Amount, Amount,** and **Currency** | The first instance of the Amount field displays the amount calculated by the data creation process (in HKD) and it initially appears identically in two other locations in the group box. The first field remains the same, regardless of any adjustments (element additions or subtractions) you make. Instead of modifying this generated amount, you enter additional adjustment rows which enable you to add or subtract any additional amounts (in any currency) not calculated during the initial data creation process. You can enter amounts to add or negate a value generated by the process for an accumulator associated with a report element. For example, if you have to subtract 300 USD from the initial amount because the employee has been temporarily employed by a different pay entity, enter – (minus) 300 in the Adjustment Amount field and select *USD* as the Currency in the new row. The amount in the Amount field at the bottom of the Total Amount group box automatically adjusts by subtracting the equivalent of 300 USD and displaying the new total. Similarly, if you want to add 300 USD, enter 300 in the Adjustment Amount field. |

---

**Note:** The Adjustment Amount field is editable if the issue status not *Issued.*

---

| | |
|---|---|
| | The IR56 creation process supports multiple currency processing which impacts the way year to date values are processed and stored in the IR56 result table. In addition to entering manual adjustments, you can enter the currency code in which you are paying the amount. The process calculates the value in local HKD currency and displays the amount reported on the IR56 reports. |
| **Tax Amount paid by Employer** | Displays the amount of taxes paid by an employer for an employee. This information is needed for IR56 reporting. |

## Payments by Overseas Concern

If the employee received an amount from an overseas concern, select the organization that made the payment and enter the amount.

| | |
|---|---|
| **Overseas Concern Identifier** | Select the code used to track the overseas concern. Define the overseas concern name and identifier on the Overseas Concern Details page. |
| **Amount Paid (in HKD)** | Enter the amount paid by the overseas concern to the employee and select the currency for the amount (it can be any currency that is defined in the system). If the amount is unknown, then leave the 'Payment by Overseas Concern' group box blank. |

### IR56E/F/G/M Specific Details

For each report type that you select, an additional group box appears, enabling you to enter details specific to the report.

### Related Links

Linking Accumulators with Report Elements

# Generating the IR56B Electronic File

This section provides an overview of flat file generation and discusses how to generate the IR56B electronic file.

## Page Used to Generate the IR56B Electronic File

| Page Name | Definition Name | Usage |
|---|---|---|
| Create IR56B Elec File HKG Page | GPHK_IR56_EFILE | Create a flat file that complies with Hong Kong Inland Revenue Department requirements for the submission of electronic files. |
| Create IR56B XML File HKG Page | GPHK_56B_RC_XML | Create an XML file that complies with Hong Kong Inland Revenue Department requirements for the submission of electronic files. |

## Understanding Flat File Generation

PeopleSoft provides the ability to create a flat file that complies with Hong Kong Inland Revenue Department requirements for the submission of electronic files. The output is created by an Application Engine process using a file layout object that has the same structure as that of the electronic file expected by the IRD of Hong Kong.

The employees are selected from the GPHK_IR56_TBL table and records from GPHK_IR56_TBL, GPHK_IR56_QTR, and GPHK_IR56_DTL are retrieved and processed. During the process, personal information, spouse details, and identifications details are also retrieved and the file layout object GPHK_IR56B is populated.

## Create IR56B Elec File HKG Page

Use the Create IR56B Elec File HKG page (GPHK_IR56_EFILE) to create a flat file that complies with Hong Kong Inland Revenue Department requirements for the submission of electronic files.

### Navigation

Global Payroll & Absence Mgmt > Year-End Processing > Create IR56B Elec File HKG > Create IR56B Elec File HKG

**Image: Create IR56B Elec File HKG page**

This example illustrates the fields and controls on the Create IR56B Elec File HKG page. You can find definitions for the fields and controls later on this page.



| Tax Reference Number | IR56 reports run by tax reference number, which has a major impact on the way the system creates and stores IR56 data. For every employee attached to the pay entity (sharing the tax reference number), the system combines amounts for each year to date element by currency code and stores them in the IR56 result tables. After the process is completed, you can use the IR56 Monetary Details page to enter adjustments to reflect the amount that should be reported on the IR56 documents. |
|---|---|
| Tax Year | Displays the period for which the report must be created. Hong Kong has set the tax period to be April 1 to March 31. **Note:** Although the tax year is not required for the IR56G and IR56F reports, you must still enter it. |
| Test Run | Select this check box to create (but not send) the electronic file, so that you can view and check your data. When selected, employee records are not marked as sent and the supplementary status is not applicable. |

## Create IR56B XML File HKG Page

Use the Create IR56B XML File HKG page (GPHK_IR56_EFILE) to create an XML file that complies with Hong Kong Inland Revenue Department requirements for the submission of electronic files.

**Navigation**

Global Payroll & Absence Mgmt > Year-End Processing > Create IR56B Elec File HKG > Create IR56B XML File HKG

**Image: Create IR56B XML File HKG page**

This example illustrates the fields and controls on the Create IR56B XML File HKG page. You can find definitions for the fields and controls later on this page.



| Tax Reference Number | Select the Tax Reference Number. |
|---|---|
| **Tax Year** | Displays the period for which the report must be created. Hong Kong has set the tax period to be April 1 to March 31. |
| | **Note:** Although the tax year is not required for the IR56G and IR56F reports, you must still enter it. |
| **Test Run** | Select this check box to create (but not send) the electronic file, so that you can view and check your data. When selected, employee records are not marked as sent and the supplementary status is not applicable. |
| **Sample Run** | Select this check box to run a sample electronic file, so that you can view and check your data. |
| **XML Set** | Select the name of the XML set table. |
| **Template Type** | Select the name of the template type of the XML report to be generated. |
| **Output File Path** | Specify the directory where generated XML files are stored. This directory needs to have the right permission for file storage, and is required if the selected output type is File. |
| **File Name** | Enter the name of the file to be generated. |

# Running Inland Revenue Reports

There are several statutory reports that you must generate to comply with Hong Kong legislative payroll requirements. The data creation process must be run before running these reports.

- The *IR56B* is an annual report generated for tax declaration purposes. A summary of the earnings and deductions for each employee is reported in a predetermined format. The information is also generated in a predetermined electronic file format and submitted electronically.

- The *IR56M* is a report of candidates, other than employees, who received remuneration at a period in time (for a given tax year) and are about to cease employment in a given period of time.

- The *IR56G* is a report on employees who are about to depart from Hong Kong. All tax liabilities are to be settled before the employee's departure.

- The *IR56F* is a report of employees who are about to cease employment in a given period of time. You are not required to submit the report if a terminated employee is about to depart Hong Kong. Instead, you should submit an IR56G report.

- The *IR56E* is a report that lists employees who have joined the organization in a given period of time. It must be sent within three months from the date of commencement of employment.

**Note:** As companies are split into multiple pay entities, the reports display the company name and not the pay entity name. For example, the company name could be Brentworth Holdings and incorporate the following pay entities—Brentworth Holdings Aeronauticals Ltd., Brentworth Holdings Catering Ltd., and Brentworth Holdings Aviation Services. The IR56 report displays Brentworth Holdings as the reporting name.

## Pages used to Run Inland Revenue Reports

| Page Name | Definition Name | Usage |
|---|---|---|
| IR56B Report HKG Page | GPHK_IR56B_RUNCTL | Generate the IR56B (GPHK0001) — Employer's Return of Remuneration and Pensions report. |
| IR56M Report HKG Page | GPHK_IR5M_RUNCTL | Generate the IR56M (GPHK0002) — Notification of remuneration paid to persons other than an employee report. |
| IR56E Report HKG Page | GPHK_IR56E_RUNCTL | Generate the IR56E — Notification by Employer of an Employee commencing work report. |
| IR56F Report HKG Page | GPHK_IR56FG_RUNCTL | Generate the IR56F — Notification by Employer of an Employee about to cease employment report. |
| IR56G Report HKG Page | GPHK_IR56FG_RUNCTL | Generate the IR56G — Notification by Employer of an Employee about to depart Hong Kong report. |

**Chapter 13**

# Defining Absence Rules

## Understanding Absence Rules for Hong Kong

This section discusses absence rules for Hong Kong.

Global Payroll for Hong Kong delivers predefined rules for processing absence payments, such as annual leave, long service leave, sick leave, maternity leave, and jury leave. Rules are also delivered to calculate absence entitlements on termination, including rules for the payment of unused annual leave, 13th month payment, outstanding deduction recovery, severance, and long service.

PeopleSoft designed these rules in accordance with Hong Kong statutory requirements. You can modify many of these rules to reflect absence and termination policies that are specific to your organization or to labor agreements with your employees.

To demonstrate how Global Payroll can process typical absence requirements in Hong Kong, PeopleSoft provides 8 absence entitlement elements and 10 absence take elements. After the table of primary elements—the absence and take elements—we describe the interaction of each element with supporting elements.

**Note:** For the customary data discussed in these topics two categories of employees are identified: *Statutory* and *General.* Each category has its own customary data (absence entitlement, take rules, and accrual rules).

### Related Links
"Understanding Absence Element Setup" (PeopleSoft HCM 9.2: Global Payroll)
"Understanding Absence Setup and Management Tasks" (PeopleSoft HCM 9.2: Global Payroll)

## Common Elements Used in These Topics

| | |
|---|---|
| **Leave Without Pay (LWOP)** | Unpaid absence type. |
| **Maternity Leave (MLV)** | Paid confinement period. |
| **Sick Leave (SLV)** | Paid sick period. |
| **Annual Leave (ALV)** | Paid absence type. |
| **Other Leave (OLV)** | Paid or unpaid absence type subjected to organization decision. |
| **Long Service Payment (LSP)** | Payment made when termination occurs after a long period of service. |
| **General Employees** | Employees employed on a permanent basis. |

**Statutory Employees**                          Employees employed on an hourly and contract basis.

# Understanding Delivered Absence Primary Elements

This section discusses the delivered absence elements.

Primary absence elements are absence entitlements—entitlement or proration and absence takes. In the following tables, we cross-reference entitlements to takes and takes to entitlements in the description column. After the following tables, we discuss each element in detail.

This section discusses:

•   Absence entitlements elements.

•   Absence take elements.

## Absence Entitlements Elements

The following table lists the Absence Entitlement elements for Hong Kong.

| Name | Description and Used By |
|---|---|
| Annual Leave | |
| ALV GENL ENT | Genl (general) annual leave entitlement<br><br>ALV GENL TKE |
| ALV STAT ENT | Stat (statutory) annual leave entitlement<br><br>ALV STAT TKE |
| Jury Leave | |
| OLV JURY ENT | Jury entitlement<br><br>OLV JURY TKE |
| Compassion Leave | |
| OLV COMP ENT | Compassion entitlement<br><br>OLV COMPASS TKE |
| Marriage Leave | |
| OLV MARR ENT | Marriage entitlement<br><br>OLV MARRIAGE TKE |
| Maternity Leave | |

| Name | Description and Used By |
|------|------------------------|
| MLV MAT ENT | Maternity entitlement<br><br>MLV GENL TKE and MLV STAT TKE |
| No Paid Leave | |
| NPL LWOP ENT | No paid leave entitlement<br><br>NPL LWOP TKE |
| Sick Leave | |
| SLV SICK ENT | Sick leave entitlement<br><br>SLV GENL TKE and SLV STAT TKE |

### Related Links

"Understanding Absence Element Setup" (PeopleSoft HCM 9.2: Global Payroll)
"Understanding Absence Setup and Management Tasks" (PeopleSoft HCM 9.2: Global Payroll)

## Absence Take Elements

The following table lists the Absence Take elements for Hong Kong.

| Name | Description and Take Uses |
|------|---------------------------|
| Annual Leave | |
| ALV GENL TKE | Genl annual leave take<br><br>ALV GENL ENT |
| ALV STAT TKE | Stat annual leave take<br><br>ALV STAT ENT |
| Jury Leave | |
| OLV JURY TKE | Jury take<br><br>OLV JURY ENT |
| Compassion Leave | |
| OLV COMPASS TKE | Compassion leave take<br><br>OLV COMP ENT |
| Marriage Leave | |
| OLV MARRIAGE TKE | Marriage leave take<br><br>OLV MARR ENT |

| *Name* | *Description and Take Uses* |
|---|---|
| Maternity Leave | |
| MLV GENL TKE | Genl maternity leave take<br><br>MLV MAT ENT |
| MLV STAT TKE | Stat maternity leave take<br><br>MLV MAT ENT |
| Leave Without Pay | |
| NPL LWOP TKE | Leave without paid take<br><br>NPL LWOP ENT |
| Sick Leave | |
| SLV GENL TKE | Genl sick leave take<br><br>SLV SICK ENT |
| SLV STAT TKE | Stat sick leave take<br><br>SLV SICK ENT |

**Note:** For Hong Kong, the unit for absence entitlement, take, and accrual is *day.* While half-day absence is allowed, a quarter day or the hours of absence are generally not accepted. All absence types except maternity leave can take half-day leave. The service date is used as the default base for the absence accrual process. The anniversary date for absence and termination is derived from the service date.

**Note:** Female payees are eligible for statutory maternity leave. If your organization or location, however, has a policy to provide leave benefits for male employees whose wives have just given birth, it is possible to provide them with maternity leave benefits as the system does not check the payee's gender.

### Related Links

"Understanding Absence Element Setup" (PeopleSoft HCM 9.2: Global Payroll)
"Understanding Absence Setup and Management Tasks" (PeopleSoft HCM 9.2: Global Payroll)

## Viewing Delivered Elements

The PeopleSoft system delivers a query that you can run to view the names of all delivered elements designed for Hong Kong. Instructions for running the query are provided in the *PeopleSoft Global Payroll PeopleBook.*

### Related Links

"Understanding How to View Delivered Elements" (PeopleSoft HCM 9.2: Global Payroll)

# Calculating Annual Leave

An employee is entitled to annual leave after working 12 months for one employer, and then for each succeeding 12 month period. The following annual leave rules are delivered for general and statutory employees.

This section provides overviews on absence forfeiture, leave accrual, and discusses how to:

• Calculate annual leave for general employees.

• Calculate annual leave for statutory employees.

### Related Links

Calculating Annual Leave Instead of Annual Leave Entitlement

# Understanding Absence Forfeiture

This section provides an overview on absence forfeiture.

Annual leave can be carried forward to the next 24 months and compensation is not paid for forfeited annual leave. There is no limitation for statutory employees; the annual leave balance is always carried over to the next year. However, for general employees, the annual leave balance can be carried forward only to the next 24 months.

# Understanding Leave Accrual

This section discusses leave accrual.

The accrual process for annual leave occurs once per month. Run this process before pay calculation. For general employees, prorated entitlement is added to the entitlement balance after the monthly accrual process is finished.

For example, an employee is hired on April 15, 2006 and is entitled to 12 days of annual leave per year. The annual leave entitlement at the end of the first month is:

$16 / 30 \times 12 / 12$

If the entitlement increases after a set number of years of service, such as an additional one day, annual leave is awarded when finishing the first year of service. In this case, the employee in the anniversary period gains:

$(14 / 30 \times 12 / 12)$ last years entitlement plus $(16 / 30 \times 13 / 12)$ new entitlement (effective from the first anniversary day).

For statutory employees, absence accrual runs annually during the anniversary month. For example, if an employee is hired in January 2006, then the first annual absence accrual process is January 2007. After the first accrual, the employee earns seven days of entitlement.

# Calculating Annual Leave for General Employees

The annual leave entitlement ALV GENL ENT, using formula ALV FM GENL ENT, returns the monthly annual leave entitlement during the monthly accrual process. Use the annual leave in lieu earning ANN LIEU to pay unused annual leave for termination or payment.

The ALV FM GENL ENT formula resolves as follows:

1. The annual leave entitlement value is retrieved from bracket ALV BR GENL ENT.

   The yearly entitlement is deannualised whenever the entitlement has not been changed during the pay period. If the entitlement has been changed, the partial entitlements before and after the anniversary date are added and returned.

2. The current year's annual leave entitlement variable CM VR CUR ENT stores the current deannualised annual leave entitlement.

   The previous year's annual leave entitlement variable CM VR PRV ENT stores the previous deannualised annual leave entitlement.

3. The duration CM DR YR OF SERV returns the employee's years of service (number of years between the service date SERVICE DT and the pay period end date PERIOD END DATE).

4. The formula ALV FM PREV ACCM returns the previous year's balance (system variable PREV VALUE ACCM) and is used in the accumulator initialize rule.

5. The annual leave balance accumulator ALV GENL ENT_BAL is carried forward to the new annual leave accumulator.

   Whenever the accumulator begins, the previous accumulator balance is brought to the current balance (new accumulator period).

6. The variables, CM VR ANNIV MTH (begin month) and CM VR ANNIV DY (begin day) specify the begin date of the accumulators.

   All accumulator periods are year to date (YTD) and begin to accumulate from the employee's hire date.

7. The formula ALV FM GENL FORFEIT returns the forfeited units that are eventually reduced from the annual leave balance accumulator.

   The formula ALV FM GENL ADJUST returns the forfeiture unit. This formula checks the current year's entitlement plus last year's entitlement and forms a forfeiture level. For example, an employee is entitled to 7 days in the first year, 8 days in the second, and 9 days in the third year. During the second year of service, the employee's annual leave balance cannot exceed 15 days, and it cannot exceed 17 days during the third year of service.

# Calculating Annual Leave for Statutory Employees

The accrual process runs once for every 12 month period from the employee's hire date. The annual leave entitlement ALV STAT ENT, using formula ALV FM STAT ENT, returns the annual leave entitlement for statutory employees, only when their anniversary dates occur in the current pay period. The formula also returns annual leave entitlement from the employee's last anniversary date to the termination date only when the employee is terminated in the current pay period.

The ALV FM STAT ENT formula resolves as follows:

1.  The annual leave entitlement value is retrieved from bracket ALV BR STAT ENT.

2.  The current year's annual leave entitlement variable CM VR CUR ENT stores the current deannualised annual leave entitlement.

    The previous year's annual leave entitlement variable CM VR PRV ENT stores the previous deannualised annual leave entitlement.

3.  The duration CM DR YR OF SERV returns the years of service (number of years between the service date SERVICE DT and the pay period end date PERIOD END DATE).

4.  The formula ALV FM PREV ACCM returns the previous year's balance (system variable PREV VALUE ACCM) and is used in the accumulator initialize rule.

5.  The annual leave balance accumulator ALV STAT ENT_BAL is carried forward to the new annual leave accumulator.

    Whenever the accumulator begins, the previous accumulator balance is brought to the current balance (new accumulator period).

6.  The formula ALV FM STAT FORFEIT returns the forfeited units that are eventually reduced from the annual leave balance accumulator.

7.  The generation control ALV GC ANNIV MTH controls the entitlement by resolving only when the employee's anniversary month equals the pay period month.

8.  The formula ALV FM ANNIV MTH resolves when GP PRD END DATE MO (variable that stores the *mm* part of the pay period end date) equals CM VR ANNIVMTH (variable that stores the payee's *mm* part of the hire date) and the employee is not hired in the current pay period.

9.  The variables CM VR ANNIV MTH and CM VR ANNIV DT specify the accumulator's begin date.

    All accumulator periods are YTD and begin to accumulate from the employee's hire date.

# Calculating Absence Entitlements on Termination

PeopleSoft delivers a set of predefined rules for processing absences due to termination. PeopleSoft designed these rules in accordance with Hong Kong statutory requirements.

This section discusses how to:

*   Calculate unused annual leave.

*   Calculate 13th month payment.

*   Calculate severance and long service leave payments.

*   Pay outstanding deduction recovery upon termination.

**Note:** The system element TERMINATION DT in the employment record is populated when you select an action reason of either *Retirement* or *Termination* on the Job page. They are both considered termination. Action *Termination* with a reason of *Redundancy* or *Layoff* is considered job redundancy. If the employee is terminated with one these reasons and has worked more than two years, then the employee is entitled to severance payment.

### Related Links

Calculating Absence and Termination Earnings

# Calculating Unused Annual Leave

When general and statutory employees are terminated after three months of continuous service, they are entitled to a payment for their prorated unused annual leave. The earning element ANN LIEU is the payment in lieu of annual leave entitlement. The calculation of the unused annual leave amount is Unit × Rate:

• Unit is set by the unused annual leave balance in days formula: TER FM ALV BAL.

• Rate is set by the average daily rate formula: CM FM DAILY RATE.

  (Average Daily Rate) = (Average Monthly Earning) / 30

**Note:** The constant *30* represents the number of days in a month and is also used in February (28 or 29 days) or March (31 days).

The TER FM ALV BAL and CM FM DAILY RATE formulas resolves as follows:

1. The system checks the service date system element TER DATE to determine whether the terminated payee is eligible to receive a payment instead of unused annual leave.

   The date CM DT PROBATION is three months after the service date.

2. The actual annual leave balance for termination calculation is returned by formula TER FM ALV BAL, using ALV GENL ENT_BAL for general employees and ALV STAT ENT_BAL + current year (up to the termination date) balance.

3. The value is returned to the earning element ANN LIEU and is then multiplied by the average daily rate calculated by CM FM DAILY RATE.

Use ANN LIEU to pay employees when they accept payments from their employer to offset part of the annual leave. This is a positive input and the unit of ANN LIEU is overridden by the number of adjusted days from the annual leave balance. ANN LIEU is a taxable earning element. Therefore, it contributes to the annual taxable accumulator.

**Note:** An employee can have a negative annual leave balance when processing unused leave during the termination process. The outstanding balance should be converted to monetary value and paid back to the employer. The calculation of the outstanding annual leave is the same as the unused annual leave.

### Related Links

Calculating Annual Leave Instead of Annual Leave Entitlement

# Calculating 13th Month Payment

Regular 13th month payment is an additional payment of basic salary (normally 100 percent of regular) paid to employees a few days before the Chinese New Year. If the employee is eligible for 13th month pay and is terminated, then prorated payment is paid even if the employee was hired on or after the cut-off date (assuming that the employee has completed the probation period of three months of service). Some organisations set the cut-off period to stop current yearly 13th month pay if the employee was hired on or after the previous year's cut-off date.

To pay 13th month payments, use the TER 13TH PAY earning element attached to the TER SE MAIN section. The 13th month payment is calculated as Base × Percent:

- Base is set by the formula TER FM 13TH PAY.

- Percent is 100.

The TER FM 13TH PAY formula resolves as follows:

1.  If the employee is hired and terminated in the same year (when variable CM VR SERV YR equals variable OE VR CAL YEAR) or if the employee is hired on or after the previous year's cut-off date and terminated in the current year (when the SERVICE DT is on or after the variable OE VR CUT OFF DT), then the following specific elements are included in the calculation:

    - *A:* Duration from hire date to termination date (using duration TER DR DY IN SERV).

    - *B:* Calendar days in termination year—either 365 or 366 (using duration OE DR DAYS IN YR).

    - *C:* Basic salary as of termination date (using MONTHLY RT).

2.  The prorated 13th month pay is calculated as A / B × C.

3.  If the employee is hired before the previous year's cut-off date and is terminated in the current year, the following additional element is incorporated into the preceding calculation:

    *D:* Duration from January 1 of the termination year to the employee's termination date (using duration TER DR DY LAST YR).

4.  The prorated 13th month pay is calculated as D / B × C.

The duration TER DR MTH IN SERV determines the total number of service months between the employee's hire date and termination date. If this is fewer than three months, no payment is made. The date OE DT CAL YEAR extracts the current calendar year.

The service date must be on or after the 13th month pay cut-off date OE VR CUT OFF DT.

### Related Links

Calculating the Thirteen Month Pay
Calculating 13th Month Payment on Termination

# Calculating Severance and Long Service Leave Payments

An employer should pay severance payment when an employee who has been employed under a continuous contract for not less than 24 months is dismissed by reason of redundancy. Customary data with the following rules pays severance payments when:

- The employee has worked for the company for more than 24 months.

- The termination action is redundancy *(terminated with benefit)*.

The calculation rule for both severance and long service payments is the same. Employees can receive only severance payment or long service payment, but not both. An employer should pay long service payment to an employee who is employed not less than five years under a continuous contract, and who:

- Is not dismissed due to serious misconduct.

- Dies.

- Resigns due to ill health.

- Retires early or at age 65 or above.

The formula TER FM LSP PAYMT (severance and LSP amount) returns the severance payment or long service payment, depending on the employee's year of service and the termination action reason.

The TER FM LSP PAYMT formula resolves as follows:

1. The years of service and maximum claim amount for the terminated employee are retrieved from bracket TER BR LSP ENT.

   The formula TER FM LSP PERIOD is used as the search key for the bracket.

2. The variable TER VR MAX LSP stores the maximum claimable LSP amounts that are stored in the bracket TER BR LSP ENT.

   The variable TER VR LSP CEILING stores the maximum ceiling of average wages (currently 15000 HKD).

3. The duration CM DR MTH OF SERV returns the number of months between the service date SERVICE DT and the pay period end date GP PRD END DT plus one.

   The duration CM YR OF SERV NDEC returns the years of service with no decimals.

4. The variable OE VR ROLL UNIT is needed before it calls the formula OE FM ROLL AVG.

5. The formula OE FM ROLL AVG obtains the employee's average earning and calculates the employee's payment using the following formula:

   LSP = (Average Earning × 2/3) × (Reckonable Years of Service)

The factor 2/3 is a constant factor defined by the Hong Kong Labor Department. The formula first checks the monthly average earning and multiplies it by 2/3 (0.67). The result cannot be greater than the maximum ceiling of 15000 HKD, which is also defined by the Labor Department. The total is then multiplied by the employee's reckonable years of service stored in the bracket TER BR LSP ENT. If it exceeds 15000 HKD, then 15000 HKD is returned and multiplied by the employee's reckonable years of service.

**Related Links**

Calculating Severance and Long Service Payments

# Paying Outstanding Deduction Recovery Upon Termination

The earning element CASHADV is a cash advance that is paid in advance to an employee. The total amount of the advance must then be paid back to the organization in several installments. The outstanding cash advance balance is stored in the goal amount (balance) accumulator. When the termination occurs, the system checks the goal amount accumulator and resolves the whole goal amount during the last pay period.

The CASHADVR recovery deduction is always 20 percent of the CASHADV, and the recovery ceases to resolve when the cash advance goal balance accumulator CM AC GOAL BAL equals zero.

When the employee is terminated, the whole cash advance goal balance should be recovered in the last pay period, so the deduction amount of the CASHADVR is overridden by the cash advance goal balance accumulator. A negative net balance is allowed when the net amount is not enough to recover the whole goal balance.

**Related Links**

Calculating Cash Advances
Calculating Cash Advance Recovery

# Calculating Sick Leave

This section provides an overview of sick leave and discusses how to calculate sick leave payments.

## Understanding Sick Leave

One sick leave entitlement SLV SICK ENT (formula SLV FM ENT) for both general and statutory employees is delivered as customary data. The sick leave balance is always carried over to the next period, but the balance cannot exceed 120 days.

### Statutory Employees

The employer should pay statutory employees sickness allowance if the employee takes sick leave of no less than four consecutive days. Only a percentage of the employee's daily wage is paid. Uncertified sick leave or zero balance sick entitlement is considered LWOP. To pay sick leave for statutory employees, also use the DY WAGE 80 earning element and take SLV STAT TKE.

### General Employees

Employees can take half or more days of paid sickness only when they have enough balance. For an approved sickness, they receive 100 percent of their normal daily wages. Uncertified sick leave or zero balance sick entitlement is considered LWOP. To pay sick leave for general employees, also use the take SLV GENL TKE.

## Calculating Sick Leave Payments

The formula SLV FM ENT returns sick leave entitlement if the employee is not terminated during the pay period. When the employee is terminated during the pay period, the formula returns either zero or the SLV BR ENT bracket value, which eventually returns the monthly sick entitlement (two or four days) to the terminated employee.

The SLV FM ENT formula resolves as follows:

1. The bracket SLV BR ENT stores the monthly sick entitlement.

   The system checks the bracket and attempts to resolve the sick entitlement. The prorated entitlement is not returned, but the lower is returned from the bracket. For example, 1.9 months of service returns 2 from the bracket. Sick leave accrual is run on each pay period and during the accrual process.

2. The adjustment formula SLV FM ADJUST adjusts the exceeded sick leave balance when it reaches 120 days.

   It evaluates the system element ABS END ENTL BAL if it is greater than 120, then returns the exceeded unit to offset the sick leave balance.

3. The formula SLV FM PREV ACCM returns the system element PREV VALUE ACCM, which stores the value of the old accumulator.

   This formula is used in the accumulator initialization to bring the old balance to the new accumulator.

4. The formula SLV FM ENT returns sick leave entitlement if the employee is not terminated during the pay period.

   When termination occurs during the pay period, the formula returns either zero or the SLV BR ENT bracket value, which eventually returns the monthly sick entitlement (two or four days) to the terminated employee.

5. The absence day formula CM FM TKE UNIT evaluates each day of the absence event.

   The required entitlement units (either 1 or 1/2) of each absence date are returned and compared with the beginning entitlement balance to calculate the paid and unpaid units. If PARTIAL HOURS is greater than half of SCHED HRS, it is treated as a one-day leave of absence.

6. For statutory employees, take SLV STAT TKE generates the earning element DY WAGE 80 for every paid sick leave, which calculates 80 percent of the employee's average earning.

   The earning element uses formula CM FM DAILY WAGE to return the employee's daily wage, which is calculated by the formula OE FM ROLL AVG.

# Calculating Maternity Leave

This section provides an overview of maternity leave and discusses how to calculate maternity leave.

## Understanding Maternity Leave

The following rules are delivered as customary data for maternity leave:

- Employees are eligible if they worked no less than 40 weeks.

- A maximum of 10 weeks of paid maternity leave is granted, if eligible.

  Alternative holiday is not granted if statutory or public holidays occur during the maternity period.

- Statutory employees receive 80 percent of the average earning, and general employees receive 100 percent of the basic salary.

- Employees cannot take a half-day of maternity leave.

## Calculating Maternity Leave

The maternity leave entitlement MLV MAT ENT is delivered for all employees and is granted when the leave occurs (per absence). The PAID maternity period is 70 days from the maternity commencement date. Absence periods longer than 70 days are considered LWOP.

The maternity leave calculation resolves as follows, using the MLV FM MAT ENT and MLV FM RESOLVE ENT formulas:

1. The date MLV DT ELIG (maternity eligible date), in conjunction with the ABSENCE DATE, specifies the date that must be reached before the maternity absence can be paid.

   The date is 40 weeks after the hire date (service date SERVICE DT). If the date of the absence is earlier than the maternity eligible date, no payment is made.

2. The formula MLV FM MAT ENT returns *1* if the employee has reached the maternity eligible date.

3. The conditional resolution formula MLV FM RESOLVE ENT resolves if the absence date is fewer than 70 days and does not resolve to use the existing entitlement balance.

   The formula returns one SCHED HRS entitlement for each absence date.

   Because there is always no entitlement balance for maternity, the required entitlement units of maternity leave longer than 70 days are considered LWOP.

4. The formula MLV FM RESOLVE ENT uses duration MLV DR MAT to determine the duration in days between the absence begin date and absence date.

   It determines if the maternity absence date is paid or unpaid.

5. The take MLV STAT TKE generates the earning element DY WAGE 80 for statutory employees, which calculates 80 percent of the employee's average earning.

   The earning element uses formula CM FM DAILY WAGE to return the employee's daily wage, which is calculated by the formula OE FM ROLL AVG. For general employees, MLV GENL TKE, no positive input is generated because the employees are paid 100 percent of basic salary.

6. The absence day formula CM FM TKE UNIT evaluates each day of the absence event.

   The required entitlement units (either 1 or 1/2) of each absence date are returned and compared with the beginning entitlement balance to calculate the paid and unpaid units. If PARTIAL HOURS is greater than half of SCHED HRS, it is treated as a one-day leave of absence.

# Calculating Leave Without Pay

This section provides an overview of leave without pay and discusses how to calculate leave with pay.

## Understanding Leave Without Pay

There are no entitlement and accruals associated with LWOP. The following rules are delivered:

- LWOP can be taken from the employee's hire date.

- One daily rate (Annual Basic Salary / 365) is deducted from monthly pay for every single LWOP taken during the pay period.

  **Note:** The LWOP2 earning element is used for leave without pay for hourly rates (for weekly employees—as it uses an hourly rate).

- A half-day can be taken.

### Statutory Employees

Annual leave cannot be taken if the employee has not earned it. When the accrual balance for annual leave is not enough to cover the whole duration of annual leave, the difference is considered LWOP.

### General Employees

Annual leave can be taken if the employee has not earned it.

### Related Links
Calculating Leave Without Pay (LWOP)
Calculating Leave Without Pay (LWOP2)

## Calculating Leave Without Pay

The NPL LWOP ENT (no paid leave entitlement) is delivered for both general and statutory employees. LWOP can be taken anytime during the servicing period. One daily basic rate is deducted from the employee's salary for every single day of LWOP. The value of one daily basic rate equals the annual salary divided by 365 (even in a leap year).

The LWOP calculation is Unit × Rate:

- Unit is set at the payee level.

- Rate is the system variable DAILY RT (daily rate).

LWOP pay is calculated as follows:

1. The system element DAY COUNT UPD notifies the system to generate earnings for the UNPAID unit only.

   The total amount is subtracted from the employee's basic salary when the employee takes the LWOP (per absence). A zero entitlement is granted when the LWOP occurs.

2.  The take NPL LWOP TKE uses the day formula CM FM TKE UNIT to determine if the absence date requires entitlement.

3.  The earning element LWOP is generated for each day of LWOP using the conditional resolution formula CM FM RESOLVE ENT.

    This returns one SCHED HRS entitlement for each absence date.

# Calculating Other Leave

This section provides an overview of other leave and discusses how to calculate other leave.

## Understanding Other Leave

Three types of other leave are delivered as customary data for Hong Kong:

*   Jury.

*   Compassion.

*   Marriage.

**Note:** Examination leave and study leave are considered LWOP.

## Calculating Other Leave

There are no entitlements for other leave types and no accruals are associated with them. Employees are paid when the absences occur. Although jury, compassion, and marriage leave have similar entitlement and take setup, marriage leave requires completion of an eligibility period of three months. To handle this, a date CM DT PROBATION is defined, which is three months after the service date. The formula OLV FM MARR ENT resolves if the employee has finished the probationary period and returns zero if the employee is under probation.

Other leave is calculated as follows:

1.  The variables CM VR ANNIV MTH and CM VR ANNIV DT notify the system when the accumulators should start to accumulate.

    During the initialization session, the payee's hire date is retrieved and the *ddmm* part of the date is extracted and assigned to these variables.

2.  The date element CM DT HIRE stores the payee's hire date, then passes the *mm* part of the date to CM VR ANNIV MTH and the *dd* part of the date to CM VR ANNIV DT during the absence initialization.

3.  A day formula CM FM TKE UNIT determines each absence date from the absence event (if it is a rest day or a working day).

    The formula returns zero for rest days and returns one or half-day if the absence date is a working day.

4.  The system uses a conditional resolution formula CM FM RESOLVE ENT that resolves if it is a working day and doesn't resolve if it is a rest day.

No further conditions are required before the entitlement is resolved for all other leave types.

5. Although the entitlement setup for all other leave types is identical, each leave type has its own set of accumulators.

   The entitlement formulas OLV FM ENT or OLV FM MARR ENT pay one or half-days of entitlement, which are then resolved whenever the absence occurs. All accumulator periods are YTD accumulators and begin to accumulate from the employee's hire date.

6. The takes for each of the other leave types use the day formula CM FM TKE UNIT to determine whether the absence date requires entitlement.

   Only the date CM DT PROBATION is used to specify the eligibility date for marriage leave.

**Chapter 14**

# Administering the Minimum Wage Ordinance

## Understanding the Minimum Wage Ordinance

The Minimum Wage Ordinance (MWO) aims to establish a Statutory Minimum Wage (SMW) regime which strikes an appropriate balance between forestalling excessively low wages and minimizing the loss of low-paid jobs while sustaining Hong Kong's economic growth and competitiveness.

The SMW rate becomes effective the first of May 2011. The initial SMW rate has been set at 28 HKD per hour.

PeopleSoft HCM Global Payroll for Hong Kong is providing the resolution to comply with MWO.

## Implementing the Minimum Wage Ordinance

This section discusses how to:

- Define applicable payees and pay groups.

- Count total hours worked.

- Define wages payable to employees.

- Calculate minimum wage.

- Pay additional remuneration.

- Export the total hours of work.

**Note:** The pages shown is these topics are documented in *PeopleSoft HCM: Global Payroll*.

## Defining Applicable Payees and Pay Groups

This section discusses how to:

- Track the applicable attribution on the payee or pay group level.

- Exclude the whole pay group from the SMW calculation.

- Override the value on the payee level.

## Tracking the Applicable Attribution on the Payee or Pay Group Level

PeopleSoft delivers a variable element (MW VR SMW CHECK). To track the applicable attribution on the payee level or the pay group level. access the Variable Name page (Set Up HCM, Product Related, Global Payroll & Absence Management, Elements, Supporting Elements, Variables, Definition).

**Image: Definition page showing the definition for the SMW Eligibility Check element**

This example illustrates the fields and controls on the Definition page. You can find definitions for the fields and controls later on this page.



The system sets the default for the Value field to *Y* for MW VR SMW CHECK.

## Excluding the Whole Pay Group from the SMW Calculation

To exclude the whole pay group from the SMW calculation on the pay group level, access the Supporting Element Overrides page (Set Up HCM, Product Related, Global Payroll & Absence Management, Framework, Organizational, Pay Groups, Supporting Element Overrides).

**Image: Supporting Element Overrides page showing an override for the MW VR SMW CHECK element**

This example illustrates the fields and controls on the Supporting Element Overrides page. You can find definitions for the fields and controls later on this page.



Enter *N* in the Character Value field for MW VR SMW CHECK element.

### Overriding the Value on the Payee Level

To override the value for the MW VR SMW CHECK element on the payee level, access the Supporting Elements page (Global Payroll & Absence Management, Payee Data, Create Overrides, Supporting Elements).

**Image: Supporting Elements page showing the override for an employee**

This example illustrates the fields and controls on the Supporting Elements page. You can find definitions for the fields and controls later on this page.



Enter *N* in the Character Value field for the MW VR SMW CHECK element on the payee level.

## Counting Total Hours Worked

The system counts the total hours worked based on the schedule. The system automatically counts rest days and excludes these hours from the total hours worked. The system also counts off schedule and public holidays, but these hours are not counted for HKG statutory holidays.

### Defining the Schedule ID for a Pay Group

To define the schedule ID for a pay group, access the Definition and Schedule Shifts pages (Set Up HCM, Product Related, Global Payroll & Absence Management, Schedules, Definitions).
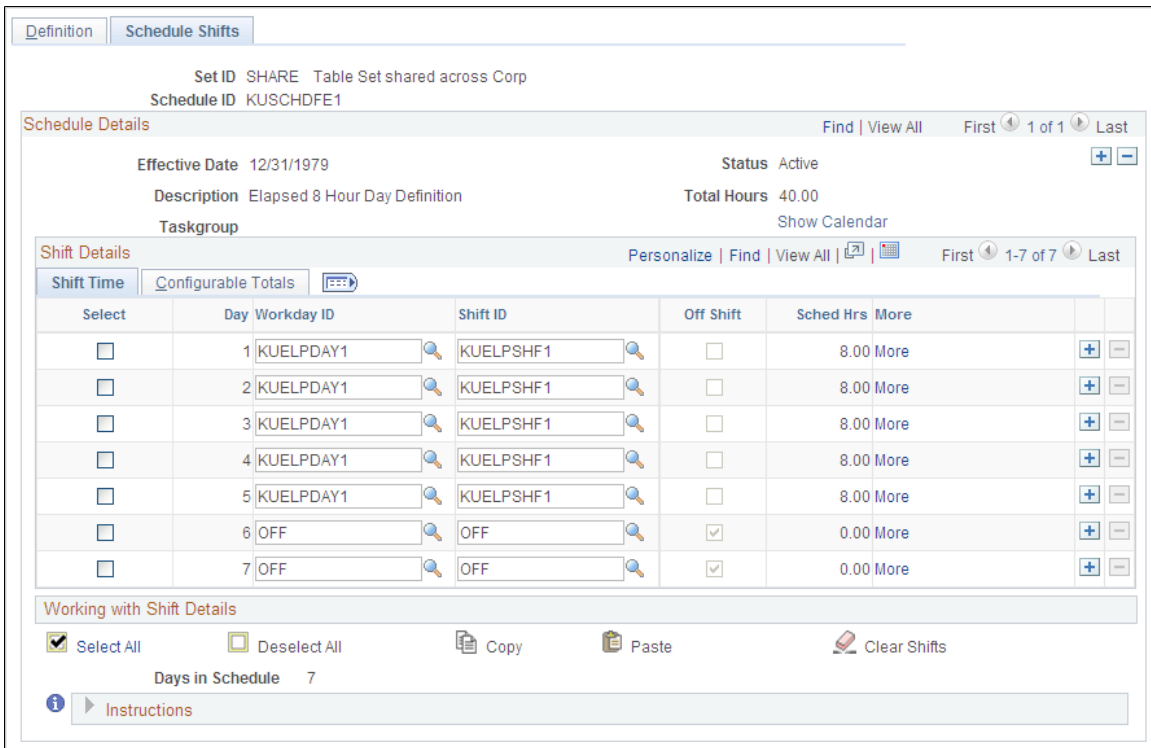
**Image: Definition page showing an Elapsed 8 Hour Day Definition schedule**

This example illustrates the fields and controls on the Definition page. You can find definitions for the fields and controls later on this page.

**Image: Schedule Shifts page showing the shift details for the Elapsed 8 Hour Day Definition schedule**

This example illustrates the fields and controls on the Schedule Shifts page. You can find definitions for the fields and controls later on this page.



Use these pages to define the schedule ID for a pay group. Payees in the pay group can have the default schedule. You can use this schedule to capture the default working hours.

## Overriding and Adjusting Hours for Payees

To override or adjust hours:

• Access the Assign Work Schedule page (Global Payroll & Absence Management, Payee Data, Create Overrides, Assign Work Schedule).

**Image: Assign Work Schedule page showing the assigned schedules for an employee**

This example illustrates the fields and controls on the Assign Work Schedule page. You can find definitions for the fields and controls later on this page.

From this page you can:

- Update or view non-default and personal schedules in Assign Schedules section.

- Assign a schedule group for all schedules.

- Create personal schedules using the Create Schedule link.

- Access the schedule calendar for each schedule with the Show Schedule link.


- To adjust or override the hours worked on the payee level, access the Supporting Elements page (Global Payroll & Absence Management, Payee Data, Create Overrides, Supporting Elements).

**Image: Supporting Elements page showing the SMW Adjustment Worked Hours element**

This example illustrates the fields and controls on the Supporting Elements page. You can find definitions for the fields and controls later on this page.



Use the MW VR ADJ HOURS element and the Numeric Value field to adjust working hours.

Use the MW VR TOT HRS element and the Numeric Value field to override or provide the total hours worked from the external Time & Labor system.

## Members Page

To track the wages that are used by the system to pay employees, PeopleSoft provides these two accumulators:

- MW AC TOT WAGES

- MW AC TOT SEG WAGE

Access the Members page (Set Up HCM, Product Related, Global Payroll & Absence Management, Elements, Supporting Elements, Accumulators, Members).

**Image: Members page displaying the members for the Segment Wages for SMW element**

This example illustrates the fields and controls on the Members page. You can find definitions for the fields and controls later on this page.



PeopleSoft delivers the MW AC TOT WAGES and MW AC TOT SEG WAGE accumulators with some earnings as sample data. You can add or delete any earning elements as needed.

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**Note:** Adjustment for Payment for Rest Days
Some earnings include payment for the rest days. The payment for rest days has to be excluded from the wage. To exclude the payment for rest days from the accumulator for Total Wages, use the variable, MW VR ADJ WAGES.

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# Calculating Minimum Wage

To calculate minimum wage, PeopleSoft delivers the MW VR RATE variable element. The initial SMW rate has been set at 28 HKD per hour. This minimum wage rate is expected to be reviewed once every two years.

To change the rate, access the Definition page (Set Up HCM, Product Related, Global Payroll & Absence Management, Elements, Supporting Elements, Variables, Definition).

**Image: Definition page showing the minimum wage set to 28 HKD**

This example illustrates the fields and controls on the Definition page. You can find definitions for the fields and controls later on this page.



Once a new SMW rate is announced, PeopleSoft will not provide any new solutions. You need to insert a new row on the Definition page, then enter the new rate value for the MW VR RATE element.

As of the 1st of May 2011 minimum wage for payees is calculated using this formula:

Minimum Wage = Total Hours Worked * SMW Rate (28 HKD)

# Paying Additional Remuneration

In determining whether the wages meet the minimum wage, the system considers the following factors:

1.  Minimum wage

2.  Wages payable

3.  Additional Remuneration

If 2 is NOT less than 1, the minimum wage requirement is met.

If 2 is less than 1, the employer has to pay additional remuneration.

Additional Remuneration = Minimum Wage – Wages Payable,

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**Note:** To implement the minimum wage ordinance, PeopleSoft added a new earning called ADD REMUN (SMW Additional Remuneration). To access the Earnings component go to Set Up HCM, Product Related, Global Payroll & Absence Mgmt, Elements, Earnings.

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## Minimum Wage Calculation Example

Assume that the following employment terms exist according to the contract of employment:

•   Remuneration = 7,000 HKD per month with paid rest days on Sundays.

•   Working hours = Monday to Saturday 9:00 a.m. to 5:00 p.m. including a 1 hour paid lunch break.

- The total number of hours worked in this month is 216 hours. There are 31 days in this month (including 4 Sundays) and the total number of hours worked is 216 hours (27 days from Monday to Saturday * 8 hours per day). In this example, as meal break is regarded as working hours for the employee in accordance with the contract of employment or agreement with the employer, it is included in computing minimum wage.

- SMW rate = 28 HKD

Calculation

1. Minimum wage for the month is 6,048 HKD (216 hours multiplied by 28 HKD)

2. Wages payable to the employee for this month is 6,097 HKD.

   Rest day pay for the month is 903 HKD. Rest day pay is the payment made to the employee for time that is not worked. Rest day pay for 4 Sundays is 7,000 HKD divided by 31 days multiplied by 4 days = 903 HKD.

For illustration purpose, figures are rounded to the nearest integers in these examples. Since 2 is not less than 1, the minimum wage requirement is met.

### Retroactive Payments and Segmentations

Here is some additional information for retroactive payments and segmentations:

- For SMW calculations, the system considers retroactive payments in the current month.

  Example: Employee A's monthly wage for May was paid 5,000 HKD on May 31st. However, the employer decided to increase A's salary rate to 5,600 as of May 1st and the delta amount for May is paid in the June payroll as a retroactive payment. Hence, he gets 6,200 HKD in the June payroll (600 is the retroactive payment for May). In this case, the system will use 6,200 HKD to calculate the SMW for June (the retroactive amount 600 HKD is considered in the current month).

- In this resolution, the additional remuneration gets resolved in the last active segmentation when period segmentation occurs.

  **Note:** Please modify the rule based on the labor contract and your particular business needs.

## Exporting the Total Hours of Work

You can use Query Manager to extract a record of total hours of work for each payee.

# Appendix: Global Payroll for Hong Kong Reports

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## Global Payroll for Hong Kong Reports: A to Z

These tables list the Global Payroll for Hong Kong reports sorted by report ID. For more information about running these reports refer to:

For more information about running these reports, refer to:

• The corresponding topic in this product documentation.

• *PeopleTools: Process Scheduler*

• *PeopleTools: BI Publisher for PeopleSoft*.

• *PeopleTools: SQR Language Reference for PeopleSoft*

For samples of these reports, see the Report Samples that are published with this online documentation.

## Mandatory Provident Fund Reports

| *Report ID and Report Name* | *Description* | *Navigation* | *Run Control Page* |
|---|---|---|---|
| GPHKEE01<br><br>Employee New/Terminated | Enables you to report on new and terminated employees. The report is not specific to MPF and has the general purpose of reporting new and terminated employees. Depending on the report type you select, the program will generate either a new or terminated employee report. | Global Payroll & Absence Mgmt > Authority Correspondence > Employee New - Terminated Rpt HKG | GPHK_EE01_RC |
| GPHKMPF1<br><br>MPF Remittance Statement | Enables you to report on mandatory and voluntary MPF contributions that were deducted for the contribution period for the MPF provider. Used to inform the trustee of the amount of MPF contributions paid for relevant employees. | Global Payroll & Absence Mgmt > Authority Correspondence > MPF Remittance Statement HKG | GPHK_MPF1_RC |

## Recipient Payment Reports

| Report ID and Report Name | Description | Navigation | Run Control Page |
|---|---|---|---|
| GPHKEFT1<br><br>Net Payment Report | Contains information on amounts transferred to employee accounts. Lists the same details that are written to the electronic file (generated for net payments). | Global Payroll & Absence Mgmt > Payment Processing > Net Payment Report HKG | GPHK_NPY_RUNCTL |
| GPHKEFT2<br><br>Recipient Payment Report | Contains details of amounts collected from employees on behalf of a recipient. Lists the same details that are written to the electronic file (generated for recipients). | Global Payroll & Absence Mgmt > Payment Processing > Recipient Payment Report HKG | GPHK_RCP_RUNCTL |

## Inland Revenue - Legislative Reports

| Report ID and Report Name | Description | Navigation | Run Control Page |
|---|---|---|---|
| GPHKIRR1 - IR56B<br><br>Employer's Return of Remuneration and Pensions | Provides an annual report generated for tax declaration purposes. It includes a summary of the earnings and deductions for each employee, reported in a predetermined format. The information is also generated in a predetermined electronic file format and submitted electronically. | Global Payroll & Absence Mgmt > Year-End Processing > IR56B Report HKG | GPHK_IR56B_RUNCTL |
| GPHKIRR2 - IR56M<br><br>Notification of Remuneration Paid to Persons Other Than an Employee | Reports on candidates other than employees who received remuneration during a period for a given tax year and are about to cease employment. You must run the data creation process before running this report. | Global Payroll & Absence Mgmt > Year-End Processing > IR56M Report HKG | GPHK_IR5M_RUNCTL |
| GPHKIRR3 - IR56E<br><br>Notification by Employer of an Employee Commencing Work | Lists employees who joined the organization during a period. It must be sent within three months of the date on which employment commenced. | Global Payroll & Absence Mgmt > Authority Correspondence > IR56E Report HKG | GPHK_IR56E_RUNCTL |

| Report ID and Report Name | Description | Navigation | Run Control Page |
|---|---|---|---|
| GPHKIRR4 - IR56F<br><br>Notification by Employer of an Employee About to Cease Employment | Reports on employees who are about to cease employment during a period. You must run the data creation process before running this report. You are not required to submit the report if a terminated employee is about to depart Hong Kong. Instead, you should submit an IR56G report. | Global Payroll & Absence Mgmt > Authority Correspondence > IR56F Report HKG | GPHK_IR56FG_RUNCTL |
| GPHKIRR5 - IR56G<br><br>Notification by Employer of an Employee About to Depart Hong Kong | Reports on employees who are about to depart from Hong Kong. All tax liabilities are to be settled before the employee's departure. | Global Payroll & Absence Mgmt > Authority Correspondence > IR56G Report HKG | GPHK_IR56FG_RUNCTL |

## Payslip Report

| Report ID and Report Name | Description | Navigation | Run Control Page |
|---|---|---|---|
| GPHKPYSL<br><br>Hong Kong Payslip | Lists payee details of period earnings, taxes and other deductions, leave balances, and payment distributions. | Global Payroll & Absence Mgmt > Payslips > Create/Print Payslips HKG | GPHK_RUNCTL_PSLP |