

DO YOU KNOW THESE FACTS ABOUT THE ADDITIONAL WAGE (AW) CEILING?

MYTHS

✗ There is no ceiling on the amount of AW that attracts CPF contributions.

✗ The maximum amount of AW that attracts CPF contributions is \$102,000.

✗ Since the maximum monthly OW that attracts CPF is \$6,000, the AW Ceiling should be capped at \$30,000 per employee in a year (i.e. \$102,000 – (\$6,000 x 12 months)).

✗ The AW Ceiling is calculated on a monthly basis.

FACTS

✓ There is an AW Ceiling. It is the maximum amount of AW subject to CPF contributions for an employee. Employers are required to apply for a refund on CPF contributions made above the AW Ceiling.

✓ The AW Ceiling is derived from a formula that is calculated as follows:

***\$102,000 less Total Ordinary Wages (OW) that is CPF payable for the entire year.**

✓ The AW Ceiling is not capped at \$30,000 if an employee's monthly OW is lesser than \$6,000. Based on the formula above, the employee's AW Ceiling will be higher than \$30,000.

✓ The AW Ceiling is calculated on an annual basis from January to December. Employers may use the projected OW in the current year to estimate the AW Ceiling.

**Based on prevailing OW Ceiling of \$6,000 x 17 months.*

