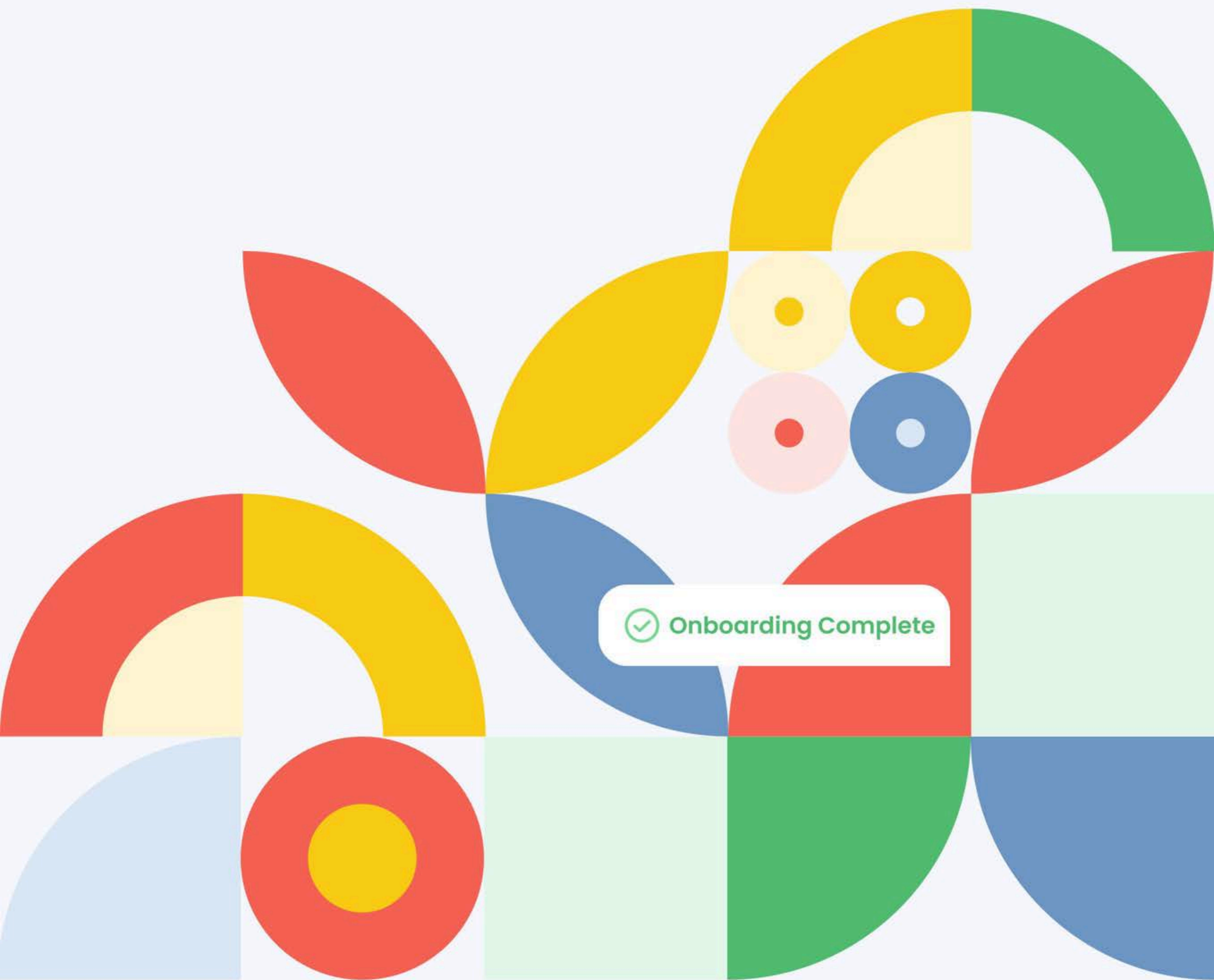


2025

# The Global Hiring Guide for **Asia Pacific**



# Introduction

According to the [World Economic Forum](#), global digital jobs are expected to grow by **25% to over 90 million** roles by 2030, making this the perfect time for businesses to expand their reach globally and attract top talent without geographical limitations.

If you're considering tapping into this growth, the APAC region stands out as a key player.

In 2023, APAC maintained its position as the **fastest-growing hiring market**, with a remarkable



**57% growth**

in both domestic and international employment

making it a prime destination for global hiring.



## What's included in this guide:

This guide is designed to equip you with the essential knowledge and information needed for understanding the complexities of the recruitment process within the Asia-Pacific region.



## What you can expect:

### Recruitment

Learn recruitment steps, sourcing channels, and best practices for **global recruitment** in APAC.

### Compliance

Navigate country-specific onboarding processes and **ensure compliance** with local labor laws.

### Team Management

Discover strategies for **managing diverse, distributed teams** and fostering productivity and engagement.

### Payroll & Finance

Understand **tax obligations, social security** contributions, and **payroll** requirements in APAC countries.

By the end of this guide, you will be able to make informed decisions when it comes to global hiring within the Asia Pacific region, enabling your business to thrive in the competitive global marketplace.



# Table of Contents

<b>AUSTRALIA</b>	<b>04</b>	<b>CHINA</b>	<b>15</b>
Understanding The Labor Market	05	Understanding The Labor Market	16
Process for Recruiting	07	Process for Recruiting	18
Hiring Foreign Workers	08	Hiring Foreign Workers	20
Managing Your Workforce	10	Managing Your Workforce	22
Taxes & Contributions	11	Taxes & Contributions	24
<b>HONG KONG</b>	<b>27</b>	<b>INDONESIA</b>	<b>37</b>
Understanding The Labor Market	28	Understanding The Labor Market	38
Process for Recruiting	30	Process for Recruiting	40
Hiring Foreign Workers	31	Hiring Foreign Workers	41
Managing Your Workforce	32	Managing Your Workforce	43
Taxes & Contributions	34	Taxes & Contributions	45
<b>MALAYSIA</b>	<b>47</b>	<b>PHILIPPINES</b>	<b>57</b>
Understanding The Labor Market	48	Understanding The Labor Market	58
Process for Recruiting	50	Process for Recruiting	60
Hiring Foreign Workers	51	Hiring Foreign Workers	61
Managing Your Workforce	52	Managing Your Workforce	63
Taxes & Contributions	54	Taxes & Contributions	65
<b>SINGAPORE</b>	<b>68</b>	<b>TAIWAN</b>	<b>80</b>
Understanding The Labor Market	69	Understanding The Labor Market	81
Process for Recruiting	72	Process for Recruiting	83
Hiring Foreign Workers	73	Hiring Foreign Workers	84
Managing Your Workforce	75	Managing Your Workforce	85
Taxes & Contributions	77	Taxes & Contributions	87
<b>THAILAND</b>	<b>90</b>	<b>VIETNAM</b>	<b>102</b>
Understanding The Labor Market	91	Understanding The Labor Market	103
Process for Recruiting	93	Process for Recruiting	105
Hiring Foreign Workers	95	Hiring Foreign Workers	106
Managing Your Workforce	97	Managing Your Workforce	108
Taxes & Contributions	99	Taxes & Contributions	110



## In This Chapter:



Understanding The Labor Market



Hiring Foreign Workers



Taxes & Contributions



Process For Recruiting



Managing Your Workforce



# Australia



# Understanding the Labor Market in Australia

# 01

If you look at the [Ease of Doing Business rankings](#), you'll find that Australia's score reached **81.2** in 2020, which earns it the **14th place** among the easiest countries to do business.

And with the rise of remote work or [hybrid work models](#), there's little cause to limit yourself to a local talent pool.

## Labor laws

Before you hire contractors in Australia, you must first understand the Australian labor market and the regulations that apply.

Labor laws impact hiring practices and shape employer-employee relationships. The main legislation governing employment in Australia is the [Fair Work Act \(2009\)](#).

It dictates the basic rights and responsibilities of employees and employers. The legislation applies across all industries and jobs, but there are state-based variations

Other relevant laws are the [Disability Discrimination Act \(1992\)](#), [State and Federal Anti-Discriminatory Law](#), and the [Work Health and Safety Act 2011](#).

## Minimum wage

Minimum wages, which can be found in modern awards and enterprise agreements, are relatively high in Australia. These awards are legal documents determining minimum pay according to job positions and industries.

If an occupation isn't covered, the National Minimum Wage (stated in the Fair Work Act and is reevaluated yearly) applies to it. According to [the Australian Government](#),



From 1 July 2024 the National Minimum Wage is **\$24.10** per hour or **\$915.90** per 38-hour week (*before tax*).

— [the Australian Government](#),

## Working hours

If you're hiring foreign workers in Australia, the [National Employment Standards \(NES\)](#) determines how many hours they can work per week, no matter the award, agreement, or contract. The [maximum working hours](#) for full-timers is **38 hours per week**; however, exceptions apply.

A typical **work week is Monday to Friday**, but you can distribute these hours differently. To extend your employees' working hours, you have to mind overtime laws regarding hours and rates.

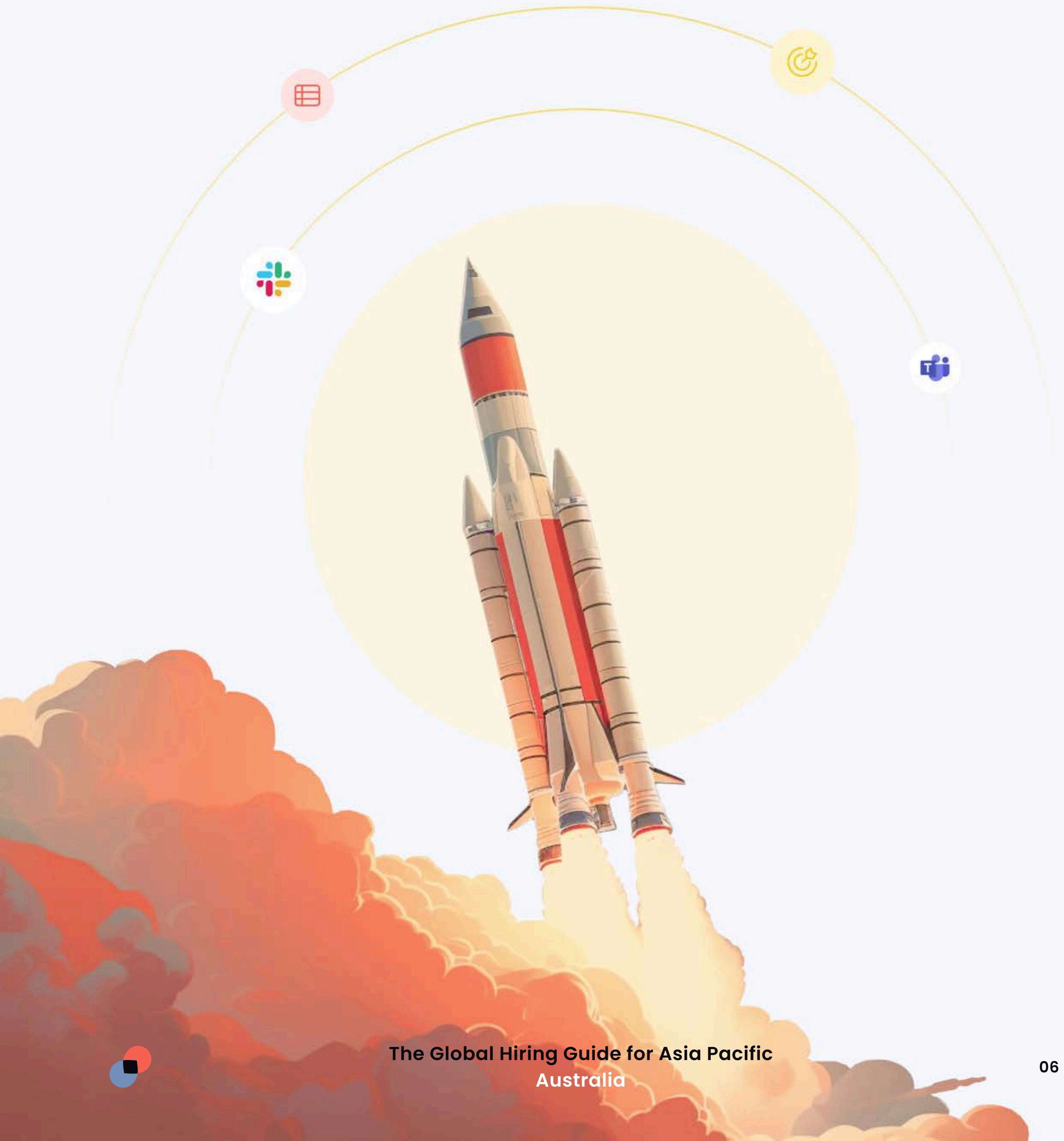




## Social Security

Australia's social security system is called **Centrelink**. It provides health care, pension, and unemployment support payments for eligible Australian citizens or residents.

Unlike many surrounding countries, you can hire contractors in Australia without contributing to this social security system. Instead, the Australian Government supports **Centrelink** via general taxation accumulations. However, there's a superannuation fund, which we'll get into later.



# Process for Recruiting in Australia

# 02

Understanding how hiring in Australia works enables you to conduct the recruitment process seamlessly and expand globally.

## 📄 Job description

Hiring foreign workers in Australia starts with drafting a job description and the required qualifications.

This outlines the **job scope**, tasks, conditions, and responsibilities of the occupation and who the employee would report to.

You can also refer to this template set by the Australian Government as a starting point.

Read Next

⌚ 10 min read  
+ *Templates!*

**How to Define Your Employee's Job Scope**

## 📁 Recruitment channels

You should mainly use online recruitment channels to post job ads. Pick platforms with a high presence in your target audience, especially popular ones in Australia, such as **SEEK**, **Indeed**, and **Jora**.

You can also try industry-specific job boards and publications.

## 🔍 Screening and selection

The next step is to evaluate applications to eliminate unqualified candidates. You can use screening software to automate this step. Then, you should conduct a screening interview for shortlisted candidates. Virtual interviews are great for

remote work in Australia, whether it be through videos or phone calls. For in-person interviews, you may already have a branch set up in Australia to conduct them or send over a hiring committee to interview potential Australian employees.

## 📄 Job offers

Finally, the terms of an employment contract must comply with applicable awards and Australian law. When hiring in Australia, you can establish an enterprise agreement with the new hires to arrive at appropriate terms for your company

(as long as they don't contradict laws).

Then comes a period of negotiation where you agree on the employment terms, so you must be aware of the typical benefits and average salary in Australia.



# Onboarding and Compliance for Hiring Foreign Workers in Australia

Hiring in Australia should be a seamless and fully compliant process. Here are some areas to consider:

## Employment contracts

When hiring in Australia, you need a legally sound and customized contract for your Australian hires. You should abide by the 11 obligatory entitlements stated in the Fair Work Act, including the following key data:

1 Employer and employee name and information

2 Job title and description

3 Employment type

4 Start date and work locations

5 Probation period

6 Compensation

7 Leave entitlements

8 Work schedule

9 Confidentiality agreements

10 Intellectual property rights

11 Dispute resolution policies

12 Privacy policies

13 Termination and resignation policies

14 Non-compete agreements  
(which ensure your employees don't compete with your business during or after their employment period for a specific period)

## Work permits

If you're hiring in Australia, you might need to get a work permit or license depending on the state in Australia your workers are in.

A [work permit](#) grants you business approval

to conduct an activity or protect your company and workers.

You can refer to a business advisor to determine if you need one.







## Social Security registration

Since there are no direct social security contributions, you don't need to register your employees for them if you're hiring in Australia.

But the closest thing to that is registering for superannuation.



As an employer, you need to set up your business to pay super into your eligible employees' chosen super funds or their **stapled super fund** where no choice has been made.

– **the Australian Government,**



## Induction training

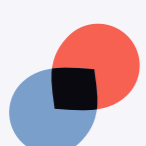
When you're hiring in Australia, your HR team should conduct induction training to support new hires throughout the onboarding process and help them settle in.

It should include the relevant data that'll help them transition into their position.

Read Next

⌚ 6 min read

### How to Build an Onboarding Process From Scratch



# Managing Your Workforce

# 04

Excellent employee management heightens [employee satisfaction](#), productivity, and retention levels, which makes your global expansion plans sustainable in the long run.

## Australia payroll and benefits

Payroll compliance is crucial when hiring in Australia because it makes timely, accurate payments to your Australian team a possibility.

And issuing the right benefits improves employee satisfaction levels.

To get started, you should register your new employees in your internal system. If you're working with an [employer of record](#), you won't need to, as they'll add them to a [global payroll solution](#) and will understand payroll regulations and the necessary deductions, taxes, and benefits.



Read Next

EOR

 6 min read

### [Global Employer of Record Guide: Australia](#)

## Leave management

When hiring in Australia, it's necessary to learn about leave regulations and set your leave policies to protect the workflow and keep employees happy.

The National Employment Standards grants employees four weeks of paid [annual leave](#), known as holiday pay.

Some applicable awards and enterprise agreements might entitle them to more—five or six weeks.

During these leaves, you must pay employees their current rates.

As for the leave types, they include the following:

1 Annual leave

2 Public holidays

3 Maternity or Paternity leave

4 Public holidays

5 Sick leave

6 Parental leave



## Performance management



Read Next

Engagement

 7 min read

### 12 Employee Recognition Examples to Keep Your Team Engaged All Year

Effective performance management requires you to track employee performance using certain [key performance indicators \(KPIs\)](#) when hiring in Australia.

Also, you should conduct employee performance appraisals regularly to determine how to boost employee performance. Options include training, courses, promotions, and raises.

Not to mention, issuing performance-based bonuses is common in Australia.

## Employee relations

After hiring in Australia, you need to work on solidifying employer-employee relationships. For one, you should refer to the [Australian National Workplace Relations](#) system. Its minimum terms and conditions of employment and workplace rights and

responsibilities are key to solid employee relations management.

The relevant government workplace programs are the national workplace relations system, [Paid Parental Leave](#), and [Fair Entitlements Guarantee \(FEG\)](#).

## Compliance

The main consideration when it comes to hiring in Australia and other countries is compliance.

You must adhere to the relevant workplace legislation in Australia governing payroll, taxes, wages, hiring, labor, and immigration procedures.



For that reason, you should work with **legal and compliance experts** or hire an employer of record to be legally responsible for compliance.



# Taxes and Contributions

# 05

It's only fair to want to understand the scope of your responsibilities when it comes to taxes and contributions. This way, you can estimate the business expenses associated with hiring in Australia and ensure compliance.

## Employer obligations

Abiding by these tax-related obligations that come with hiring in Australia keeps your business compliant and its revenue protected against penalties and fines.

## Goods and services tax



### GST

The **goods and services tax (GST)** is a 10% tax on most goods and services in Australia. If your business is registered for tax, you have to collect it from the sale price and send it to the Australian Taxation Office (ATO).



### Superannuation

Moving on, **superannuation**, commonly called super or super guarantee (SG), supports employees after retirement. As an employer, you must contribute 11% of your employee's income to this pension scheme quarterly if you're hiring in Australia.



### Fringe benefits tax (FBT).

Then, there's the **fringe benefits tax (FBT)**.

It's "paid by employers on certain benefits provided to their employees, or to their employees' family or other associates."

To explain, **fringe benefits** are non-monetary payments for employees, such as allowing them to use their work car for personal reasons, giving them free concert tickets, or issuing benefits.

Its value depends on the taxable value of the fringe benefit, and you must self-assess your FBT return.

Hiring in Australia also means paying **the workers' compensation**. This form of insurance provides employees with a safety net in case of work-related injuries or illnesses. There are 11 main workers' compensation schemes that offer injured workers the help they need.





## Tax compliance

Australian law affects [payroll processing](#), as it plays into wages, benefits, and taxes. After processing these compliantly, you must keep [employee records](#), including GST, fuel tax credit, and other tax records. We recommend using digital rather than paper records.

Finally, you must file your company's taxes, which means submitting your employees' income tax return forms.



## Employee obligations

Learn about the obligations and taxes you must withhold from your Australian employees' salaries and the ones they file themselves to keep your business 100% compliant.



## Income tax

Australia has a Pay As You Go (PAYG) system for income taxes. So, if you're hiring in Australia, you must withhold taxes on behalf of your employees from their paychecks and send them to the ATO.

The [income tax rates](#) for Australian residents for the financial year 2024-2025 are as follows:

Income tax rates 2024-2025	
Taxable Income (AUD)	Tax on This Income
0 – \$18,200	Nil
\$18,201–\$45,000	16c for each \$1 over \$18,200
\$45,001–\$135,000	\$4,288 plus 30c for each \$1 over \$45,000
\$135,001–\$190,000	\$31,288 plus 37c for each \$1 over \$135,000
\$190,001 and over	\$51,638 plus 45c for each \$1 over \$190,000



## Medicare levy

The [Medicare levy](#) is an amount other than the tax income—2% of taxable income. It partly funds Australia's public health system, Medicare.

Usually, the PAYG amount you withhold from your employees' salaries or wages should include an amount to cover the Medicare levy.



## + Medicare levy surcharge

On top of the Medicare levy, the **Medicare levy surcharge (MLS)** applies if you're hiring in Australia for employees, their spouses, or dependent children who

don't have sufficient private patient hospital coverage or who earn above a certain income. Fortunately, you don't need to cover it on behalf of your employees.

## \$ Superannuation

As mentioned above, you're required to pay superannuation for your employees amounting to 11% of their income. This is the case when it comes to hiring in Australia,

regardless of whether employees are full-time, part-time, or casual workers.

However, some **exceptions** do apply.

# Get in touch with our HR experts today

- Transparent pricing
- No hidden fees
- Fastest implementation on the market!

[Book A Demo](#)

[Start Free Trial](#)

Payroll Cycle: Mar 1 - Mar 30 2024		
Employee	Compensation	Rate
Nina Atwood Sydney, Australia	Hourly	0.0
Shaun Deck Singapore, Singapore	Monthly	\$1,500.00
John Macrae Bangkok, Thailand	Hourly	0.0



## In This Chapter:



Understanding The Labor Market



Hiring Foreign Workers



Taxes & Contributions



Process For Recruiting



Managing Your Workforce



# China

# Understanding the Labor Market in China

# 01

China, with its massive economy and vast talent pool, is understandably an appealing opportunity for businesses seeking global expansion. In fact, China has the world's largest labor force, with approximately [791 million people employed as of 2021](#).

But navigating the complexities of recruiting in China requires careful planning and a thorough understanding of local regulations.

## Labor laws

If you're committed to recruiting in China, there's a lot you need to first understand about the labor market in China.

These include:



### Labor contract law

This law governs the formation, content, performance, modification, and termination of employment contracts in China. It sets out the rights and obligations of both employers and employees, covering aspects like wages, working hours, rest and holidays, social insurance, and labor disputes.



### Social insurance law

This law mandates social insurance contributions for employees, covering areas like pension, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance. Both employers and employees are required to make contributions.



### Individual income tax law

This law governs the taxation of individual income in China, including salaries, wages, bonuses, and other forms of compensation. Employers recruiting in China are responsible for withholding income tax from their employees' salaries and remitting it to the tax authorities.





## Minimum wage

China has a [tiered minimum wage system](#), with different minimum wage levels set by each province, municipality, and autonomous region. For example, in Shanghai, the monthly minimum wage as of January 2025 is CNY 2,690. In Beijing, it's CNY 2,420.

Minimum wage levels are subject to periodic adjustments, so it's important to stay updated on the latest regulations in your specific location.



## Working hours

### Standard workweek

The standard workweek in China is 40 hours, with a maximum of 8 hours per day

### Overtime

Overtime work is permitted, but it's subject to strict regulations and requires additional compensation. It is limited to 36 hours/month.

### Rest and holidays

Employees are entitled to rest days, public holidays, and paid annual leave, which vary based on their length of service.

## Social Security

### Contribution rates

The contribution rates vary based on the location and the employee's salary. Employers typically contribute a higher percentage than employees.

### Benefits

Social security contributions provide employees with a safety net, offering benefits like retirement pensions, medical coverage, unemployment benefits, and maternity leave pay.

### Mandatory contributions

Both employers and employees are required to contribute to China's social security system, which covers five main areas:

- 1 Pension insurance
- 2 Medical insurance
- 3 Work-related injury insurance
- 4 Unemployment insurance
- 5 Maternity insurance



# Process for Recruiting in China

# 02

Hiring the right people is crucial for any business, but recruiting in China requires careful planning and an understanding of local practices. Here's a step-by-step guide to help you navigate the process:

## Job description

### Chinese language

While English proficiency is increasing in China, it's crucial to have a Chinese version of the job description to reach a wider audience.

### Highlight company culture

Consider including information about your [company culture](#) and [company values](#) to attract candidates who align with your organization.

### Clarity and specificity

A well-crafted job description is essential to attract qualified candidates when you're recruiting in China. It should clearly outline the job title, responsibilities, required skills, qualifications, and compensation package.

Read Next

⌚ 12 min read

+ Templates!

[How to Define Your Employee's Job Scope](#)

## Recruitment channels

**Online job boards:** Online recruitment is the most popular method for finding jobs in China, with over 90% of job seekers using online platforms. Popular Chinese job boards like [51job](#) and [Liepin](#) are widely used by people on the job hunt.

**Social media:** Platforms like [WeChat](#) and [Weibo](#) are essential for reaching a wider audience and promoting your employer brand.

**Recruitment agencies:** Partnering with reputable recruitment agencies when you're recruiting in China can help you source and screen candidates with specific skills or experience.

**Campus recruitment:** If you're looking for young talent, consider participating in campus recruitment events at universities and colleges.

**Professional networking:** Attend industry events and conferences to network with potential candidates.



## 🏠 Screening and selection



### Resume screening

Review resumes and cover letters, paying attention to relevant skills, experience, and educational background.



### Interviews

Conduct interviews to assess candidates' qualifications, communication skills, and cultural fit. Be prepared for a more formal interview process in China, with a focus on technical skills and experience.



### Assessments

Consider using assessments to evaluate candidates' skills, personality traits, and cultural intelligence when recruiting in China.



### Background checks

Conduct background checks to verify information provided by candidates and ensure their suitability for the role.

Read Next

🕒 7 min read

## [What Is a Screening Interview? 5 Important Questions for HR to Ask](#)



## Job offers

**Competitive compensation:** Offer competitive salaries and benefits packages to attract top talent when recruiting in China's competitive job market.

**Clear contract:** Provide a clear and comprehensive employment contract that outlines the terms and conditions of employment, including salary, benefits, working hours, and termination procedures.

**Negotiation:** Be prepared for some negotiation on salary and benefits, especially for senior or highly skilled positions.



# Onboarding and Compliance for Hiring Foreign Workers in China

As of 2023, there were an estimated 900,000 foreign nationals working in China. Even so, successfully onboarding foreign workers in China requires careful attention to legal requirements and cultural considerations. Here's a breakdown of the key steps to ensure a smooth transition for your new hires when recruiting in China:

## Employment contracts

Chinese labor law **mandates** written employment contracts for all employees, including foreign nationals. Take great care that the contract complies with all relevant Chinese labor laws and regulations. The contract should be in Chinese and clearly outline the terms of employment, including:

1 Job title and responsibilities

2 Compensation and benefits

3 Working hours and leave entitlements

4 Probationary period (if applicable)

5 Termination procedures

6 Confidentiality and non-compete clauses (if applicable)

## Work permits

**Necessary for foreign workers:** Individuals looking for work in China for foreigners must obtain a valid work permit and residence permit. The process can be complex and time-consuming, involving various government agencies and documentation requirements.

**EOR assistance:** An EOR can streamline recruiting in China by guiding you through the necessary steps, preparing the required documents, and liaising with the relevant authorities on your behalf.

Read Next

### Global Employer of Record Guide: China

EOR

Global HR Insights

 7 min read





## Social Security registration

All employees in China, including foreign nationals, must be enrolled in the social security system. This includes [five main insurance programs](#): pension, medical, unemployment, work-related injury, and maternity insurance.

Both employers and employees contribute to the social security system based on the employee's salary and local regulations. An EOR can handle the registration process, calculate and deduct contributions, and ensure compliance with all social security regulations.



## Induction training



### Cultural integration

Induction training is crucial for helping foreign workers adapt to the Chinese [workplace culture](#) and understand their roles and responsibilities.



### Company policies

Familiarize new hires with your company's policies, code of conduct, and any specific procedures relevant to their roles.



### Practical support

Provide practical support to help foreign workers settle into their new environment, such as assistance with housing, transportation, and opening bank accounts.



## Get your free employee handbook template now



A comprehensive overview of what to include in your employee handbook



Best practices and tips for how to effectively write your handbook



Suggested slides to communicate your employee culture and company values



Real-life examples & graphics to inspire your employee handbook

[Download Here](#)



## 🇨🇳 China payroll process and benefits

Chinese [payroll processing](#) involves various factors, including individual income tax deductions, social insurance contributions (pension, medical, unemployment, work-related injury, and maternity), housing fund contributions, and other statutory deductions. Ensuring accurate and timely payroll processing is crucial for employee satisfaction and compliance with Chinese labor law.

Also, it's often worth it to offer competitive [benefits packages](#) that can help attract and retain top talent in China's competitive job market. This could include supplemental health insurance, housing allowances, meal subsidies, transportation allowances, and other perks.

## 📅 Leave management

When recruiting in China, it's important to note that Chinese labor law mandates various types of leave, including:

### 1 **Annual leave**

The amount of annual leave varies based on the employee's length of service.

### 2 **Public holidays**

China has [11 official public holidays](#), and employees are generally entitled to paid time off during these holidays.

### 3 **Maternity leave**

Female employees are entitled to 98 days of maternity leave, with possible extensions for certain circumstances.

### 4 **Paternity leave**

The duration of paternity leave varies by region, but it's generally between 10 & 30 days.

### 5 **Sick leave**

Employees are entitled to sick leave with pay based on their length of service & medical certificates.

### 6 **Other leave**

Other types of leave may include marriage leave, bereavement leave, & personal leave.



Read Next

HRIS

Tech

⌚ 6 min read

**What is a Leave Management System? Why Every Business Needs One**





## Performance management

Set clear [performance goals](#) and expectations for your employees, providing regular feedback and performance reviews. Be mindful of cultural differences in communication and feedback styles.

Direct criticism may be perceived negatively,

so focus on constructive feedback and suggestions for improvement.

Make sure to provide opportunities for employee development and training to enhance their skills and contribute to their career growth.



## Employee relations

Commit to open and transparent communication with your employees, encouraging them to share their ideas and concerns. This will help create a respectful and inclusive workplace that values diversity and promotes a positive work environment.

Address any workplace conflicts or grievances promptly and fairly, considering cultural nuances and legal requirements.

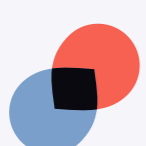


## Compliance

When recruiting in China, ensure your HR policies and practices comply with all relevant Chinese labor laws and regulations. Also, ensure accurate and timely payment of taxes and social insurance contributions to avoid any legal consequences.



You should protect employee data in accordance with Chinese data privacy laws, including the Personal Information Protection Law (PIPL)



# Taxes and Contributions

# 05

Understanding and managing taxes and contributions is an important aspect of employing workers in China. Both your organization and its employees have specific obligations to ensure compliance and contribute to the social security and well-being of the workforce.

## Employer obligations

### • Social insurance contributions

Employers are required to contribute to China's social insurance system on behalf of their employees. This system covers five main areas:

1 Pension insurance

2 Medical insurance

3 Unemployment insurance

4 Work-related injury insurance

5 Maternity insurance

### • Housing provident fund (HPF) contributions

The HPF is a government-mandated program designed to help employees save for housing purchases, renovations, or rent.

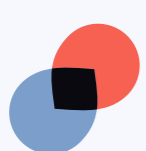
Both employers and employees contribute to the fund, which acts as a long-term savings plan with some unique features.

Employers typically contribute the same percentage as their employees, although the specific rates can vary by location. The total contribution rate (employer + employee) usually ranges from 10% to 25% of the employee's salary, with each party contributing an equal share.

### • Unemployment insurance contributions

Employers in China are obligated to contribute to unemployment insurance. Both employee and employer contribute, but it's up to the employer to deduct the appropriate amounts from employee pay.

In Beijing, **employees contribute 0.2%** of their gross income, and **employers contribute 0.8%**.





- **Occupational injury insurance contributions**

All employers in China are required to participate in the occupational injury insurance scheme and make contributions on behalf of their employees. Unlike other types of social insurance, employees do not contribute to occupational injury insurance. The employer bears the full cost.

The contribution rates for occupational injury insurance vary based on the industry's risk level. Higher-risk industries, such as construction and manufacturing, have higher contribution rates. The rates generally range from 0.5% to 2% of the employee's salary.

- **Tax compliance**



### Payroll processing

Accurate payroll processing is crucial for ensuring correct tax deductions and contributions to social security and housing fund programs. Consider using payroll software or [outsourcing to a local provider](#) to streamline this process.



### Record keeping

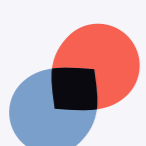
Maintain detailed records of all payroll transactions, including payslips, tax deductions, and contributions to social security and housing fund programs. These records should be kept for a specified period for compliance and audit purposes.



### Tax filing

Employers are responsible for filing various tax returns, including annual income tax returns for their employees and corporate income tax returns. Ensure you meet all filing deadlines to avoid penalties.

Employee	Compensation	Extra Pay	Gross Pay
<b>Liu Mei</b> Shenzhen, China	Hourly 0.0	Comission \$2000	\$2,500.00
<b>Shaun Deck</b> Singapore, Singapore	Monthly \$1,500.00	Comission \$800	\$2,300.00
<b>John Macrae</b> Bangkok, Thailand	Hourly 0.0	Comission \$500	\$500.00





## Employee obligations

- **Social insurance contributions**

Employees are responsible for filing their annual individual income tax returns with the tax authorities. The Chinese individual income tax system is progressive, with tax rates increasing as income rises. Here's a table showing the tax rates for 2024:

Income tax rates 2024	
Monthly Taxable Income (CNY)	Tax Rate (%)
¥0 - ¥36,000	3%
¥36,000 - ¥144,000	10%
¥144,000 - ¥300,000	20%
¥300,000 - ¥420,000	25%
¥420,000 - ¥660,000	30%
¥660,000 - ¥960,000	35%
¥960,001 and above	45%

- **Social insurance contributions**

Employers bear the brunt of social insurance contributions, but employees also contribute a portion of their salary (handled by the employer and automatically deducted) to the five main areas listed above.

- **Housing provident fund contributions**

As noted above, the employer contributes a larger portion to the housing provident fund, but all Chinese employers are nonetheless automatically enrolled and contribute a small portion of their salary to the HPF.

- **Unemployment insurance contributions**

Similar to the HPF, employees automatically contribute a portion of their income to unemployment insurance, with percentages varying depending on the region.



## In This Chapter:



Understanding The Labor Market



Hiring Foreign Workers



Taxes & Contributions



Process For Recruiting



Managing Your Workforce

# Hong Kong



# Understanding the Labor Market in Hong Kong

# 01

Hong Kong is known for its booming economy, diverse employment opportunities across multiple sectors, and attractive high salaries paired with low tax rates. It draws talent from around the globe, making it a desired location for businesses seeking to expand or establish a presence in Asia.

However, hiring in Hong Kong comes with its own set of challenges, including navigating its distinctive employment laws, understanding the local work culture, and managing the complexities of payroll and taxes.

## 📖 Employment ordinance

Employment ordinance refers to laws and regulations that govern the working relationship between employers and employees in Hong Kong. In 1968, under the Laws of Hong Kong, Chapter 57, the Employment Ordinance came into force. This comprehensive law covers various aspects of work, such as wage protection,

terms and conditions of employment, rest days, holidays, and termination.

The ordinance also serves as a legal framework that ensures fair treatment of employees and provides clear guidelines for employers in managing their workforce.

## 📷 Minimum wage

Understanding Hong Kong employment also means that employers must adhere to the minimum wage requirements set by the government. The minimum wage in Hong Kong was legally mandated by the government to ensure that all employees receive a fair and basic level of pay for their work. This amount falls at HK\$40 per hour.

It applies to all workers in Hong Kong regardless of age, contract type, or payment period. Employers who cannot adhere to these laws can face legal penalties, fines, and reputational damage.



Learn More

🕒 10 min read

### Hong Kong Minimum Wage Guide for Employers



## 🕒 Working hours

When considering Hong Kong employment, businesses looking to hire should pay attention to working hours because Hong Kong does not have statutory limits on working hours. This means that employers can set work hours without legal restrictions, allowing for flexible arrangements but also leading to potential overwork and [employee burnout](#).

However, employers must clearly define working hours in [employment contracts](#) to avoid misunderstandings and ensure that they comply with other related regulations, such as providing appropriate rest days and overtime compensation.

! Failure to provide rest days can result in a fine of up to **HK\$50,000**.

## 👤 Mandatory provident fund (MPF)

The MPF is a unique retirement scheme where both the employer and employee contribute. Unlike other pension systems, it's mandatory for all employees aged 18 to 65, and contributions are strictly regulated. Employers must be diligent about enrolling employees **within 60 days** and making timely contributions.

*Stress free with Omni!*

Automated reminders

**Book A Demo**

**Employee**

Signature

Name Lawrence Brown

Date 29/01

Draw Type

*[Signature]*



# Employment Process in Hong Kong

# 02

The Hong Kong employment process refers to the series of steps that employers in Hong Kong typically follow when hiring new employees.

## Job description

This process begins with defining the job description, which outlines the job scope, including skills, responsibilities, duties, and qualifications required for the position. To ensure clarity when writing job descriptions, use a concise writing style, focus on essential duties and responsibilities, specify required qualifications and skills for your Hong Kong employment, and use a clear and consistent format.

## Recruitment channels

In the Hong Kong employment process, employers must leverage various recruitment channels to effectively reach and attract qualified candidates for the role. Popular options include job boards like [JobsDB](#), [CTgoodjobs](#), and [Job Market](#). Recruitment agencies, such as [Randstad](#) and [SVA Recruitment](#), are also commonly used for recruitment.

Another thing to consider is that hiring in Hong Kong isn't limited to these platforms; employers can also utilize social media platforms like LinkedIn and others to expand their reach and connect with potential candidates.

## Screening and selection

Screening and selection is also a crucial part of the Hong Kong employment process, which involves effectively reviewing resumes, conducting [screening interviews](#), and assessing candidates to find the best fit. It's also important to ensure this process remains fair and transparent.

## Job offers

Once a candidate has been selected, the next step in the Hong Kong employment process is extending a formal job offer. The offer letter should include details such as the job title, salary, [fringe benefits](#), start date, and any other relevant terms of employment. In Hong Kong, it is customary to provide a probation period, usually lasting three to six months, during which either party can terminate the employment with shorter notice.



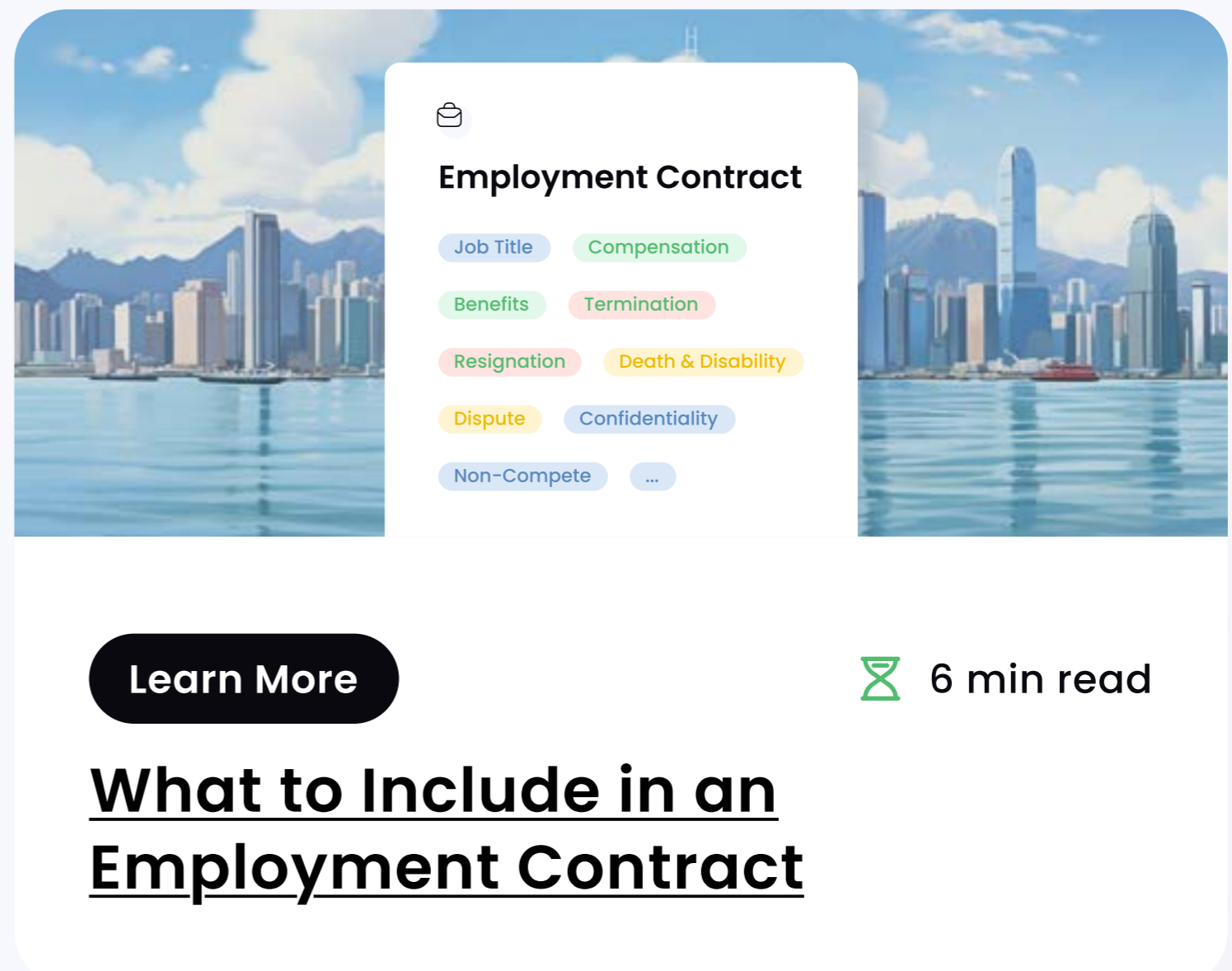
# Onboarding and Compliance in Hong Kong

# 03

Research shows that organizations with effective onboarding processes see an 82% improvement in new hire retention. This contributes to fostering a productive and engaged workforce.

## 📄 Employment contracts

In Hong Kong, it is mandatory to provide employees with a written employment contract outlining the terms and conditions of employment. This contract should cover essential elements, such as job duties, salary, working hours, leave entitlements, and termination conditions. Both the employer and employee must sign the contract before the commencement of employment.



**Learn More** 6 min read

### What to Include in an Employment Contract

## 📹 Mandatory provident fund (MPF)

Part of the onboarding process for Hong Kong employment involves enrolling new hires into the MPF scheme **within 60 days of employment**.

Employees and employers are both required to contribute 5% of the employee's relevant income to the MPF. Employees get to select their investment options from the scheme based on their risk tolerance and retirement goals. Employers who cannot comply with the regulations of the Mandatory Provident Fund Schemes Authority (MFPA) can face fines and imprisonment.

## 📹 Induction training

In regards to Hong Kong employment, there are no specific laws mandating induction training for all sectors. However, training helps new employees working in Hong Kong get familiar with their roles and the company's culture.



# Managing Your Employees Working in Hong Kong

# 04

This is the stage in the Hong Kong employment process where new employees transition from onboarding to becoming productive members of your team.

## 💰 Payroll Hong Kong and benefits

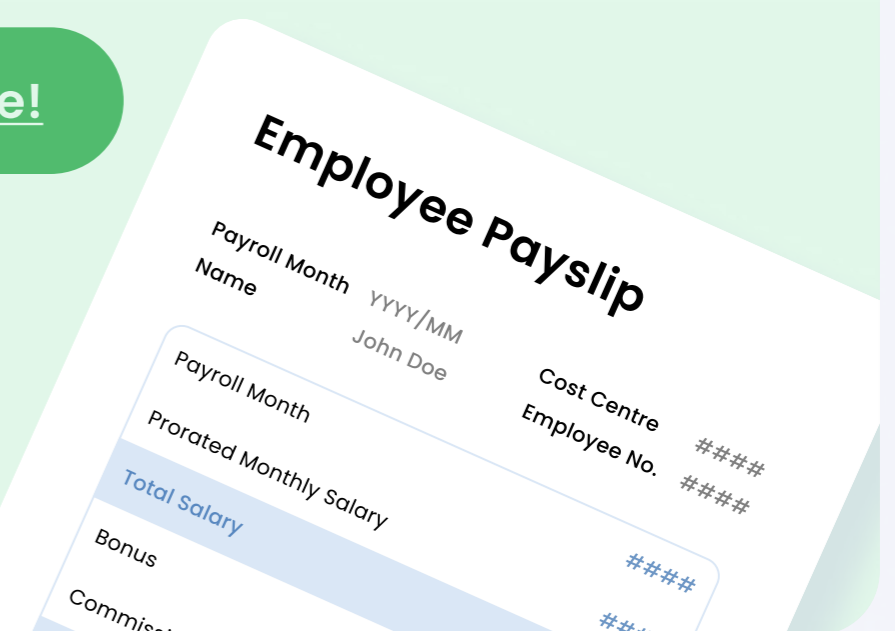
Managing payroll in HK involves ensuring accurate and timely payment of salaries, benefits, and bonuses. Employees are required to receive their salary on a monthly basis. Wages must be paid no later than seven days after the wage period.

If an employer fails to adhere to this law, they will have to pay interest on the outstanding wages to the employee.

In addition to payroll in Hong Kong, employees often receive benefits such as medical insurance, housing allowances, and performance-based bonuses. Employers must also comply with regulations regarding severance and long-service payments, workplace safety, and employee compensation for work-related injuries.

### Get our free payslip template

[Download Here!](#)



Benefits administration is also regulated by **the Employment Ordinance**, and this law mandates certain benefits should be provided to employees.



[Learn More](#)

⌚ 8 min read

### Your Guide to Managing Payroll Hong Kong

These benefits include:

- **Mandatory Provident Fund**, which includes 5% retirement contributions from the employer and employee.
- **Paid annual leave**, which starts at 7 days after one year of service and is increased to a maximum of 14 days.
- **Sick leave entitlements**, with different allowances based on tenure.
- **Maternity and paternity leave** provisions.





## Performance management

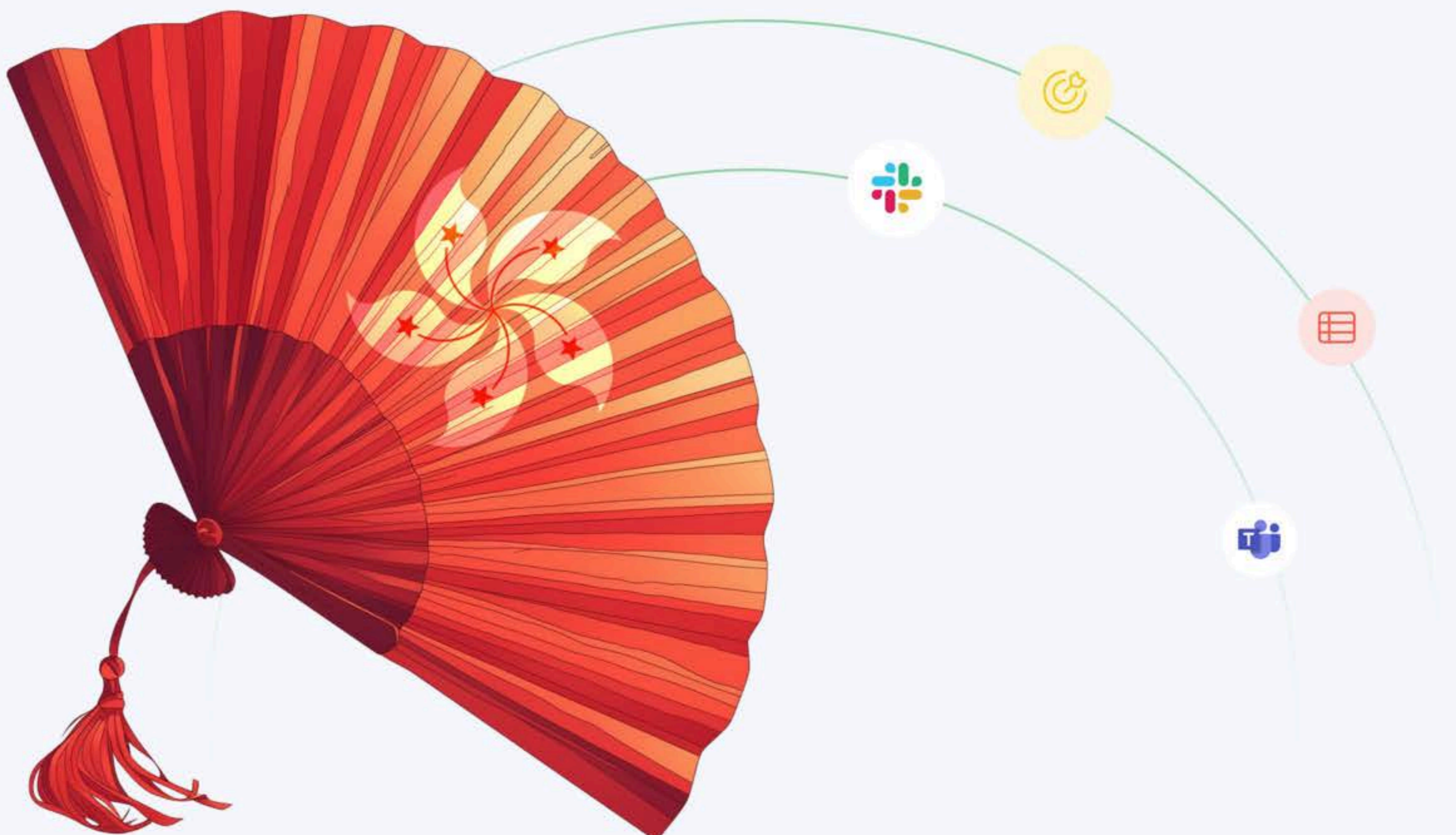
Over time, you will track your employees' work to see how well they're performing and if this performance aligns with the company's goals. The evaluation process is often done by using **Key Performance Indicators (KPIs)** to measure employees' success. **Performance management** regarding Hong Kong employment also involves regular appraisals, **1-on-1 meetings**, feedback sessions, and **performance reviews**. This helps to foster **employee engagement** and career development in the workplace.

## Employee relations

Maintaining positive employee relations is crucial in Hong Kong's work culture, where respect and harmony are highly valued. This is a common practice in the workplace that involves clear and open communication between employers and employees, handling disputes and grievances in an effective manner, ensuring every worker's voice is heard, and receiving adequate support needed to function in their roles.

## Compliance

Ensuring compliance with Hong Kong's labor laws is essential for avoiding legal disputes and maintaining a good reputation. Employers must keep up to date with any changes in employment legislation and ensure that their policies and practices are aligned with legal requirements. Regular audits and reviews of HR practices can help identify and address any compliance issues.



# Taxes and Contributions

# 05

The final stage regarding Hong Kong employment is tax filing and the contribution of money paid into an insurance plan. For taxes, both employers and employees have specific obligations they must fulfill. Failure to fulfill these obligations can result in penalties, fines, legal consequences, and business disruptions. Therefore, it's essential for Hong Kong employers to understand their tax responsibilities to avoid penalties and maintain smooth business operations.

## Employer obligations

### • Mandatory provident fund (MPF)

The MPF is a retirement savings scheme designed to provide financial security for individuals after they retire. And as explained in previous sections, employers are required to contribute 5% of their employees' relevant income to the MPF, up to the maximum contribution limit. MPF Hong Kong contributions are calculated based on the employee's income level.

#### 1 >HK\$30,000 / month

Contributions are calculated as 5% of the actual income.

For example, if an employee earns HK\$20,000 per month, both the employer and the employee would each contribute 5% of HK\$20,000, which is HK\$1,000.

#### 2 <HK\$30,000 / month

Contributions are capped. Both sides contribute HK\$1,500

No matter how much more the employee earns above HK\$30,000, the contributions are only calculated on HK\$30,000. Both the employer and the employee each contribute 5% of HK\$30,000.

#### 3 <HK\$7,100 / month

No MPF contributions required

If an employee earns less than HK\$7,100 per month, the employee is not required to make MPF contributions, though the employer still must contribute.

### • Other taxes



#### Profits tax

Profits tax in Hong Kong is set at a rate of 16.5% for corporations and 15% for unincorporated businesses. It is calculated based on the company's assessable profits, which include income derived from business activities in Hong Kong.



#### Stamp duty

This refers to a tax on certain documents, including those related to property transactions, leases, and share transfers. The rate of stamp duty varies depending on the type of document and the value of the transaction.



- Tax compliance



### Payroll processing

**Payroll processing** in Hong Kong employment involves calculating and disbursing employee salaries, benefits, and bonuses, as well as withholding taxes and MPF contributions. Employers must maintain accurate payroll records and ensure that all payments are made on time.



### Record keeping

To ensure compliance with local labor laws and tax regulations, Hong Kong employers are required to keep detailed records of all payroll transactions, including salary payments, MPF contributions, and tax deductions.

These records must be kept for at least seven years and must be available for inspection by the Inland Revenue Department (IRD) upon request.



### Tax filing

Employers are required to file an annual **employer's return** with the IRD, detailing the total income and tax deductions for each employee. This return must be filed within one month of the end of the tax year.



## Employee obligations

- Mandatory provident fund (MPF)

Employees are also required to contribute 5% of their income to the MPF, up to the maximum contribution limit. Employees must ensure that their contributions are remitted on time, as late payments can result in penalties.

✔ 35 employees on payroll

The screenshot displays a payroll management interface. On the left, a 'Payroll Cycle: Mar 1 - Mar 30 2024' is shown with an 'Edit' button. Below this, a list of employees is visible:

Employee	Compensation
Nina Atwood \$21.00 per hour - Wage	Hourly 0.0
Shaun Deck \$1500 per month	Monthly \$1500.00
John Macrae \$15.00 per hour - Wage	Hourly 0.0

On the right, a 'Select & adjust expense reimbursements' section is shown with a list of items:

Date	Category	Amount
25/06/2023	Meals & Entertainment Business Exp	120.00
25/06/2023	Wellness & Life Ark Block	180.00
25/06/2023	Travel SIA	1500.00
25/06/2023	Entertainment Outdoor	150.00

Employee profiles for Alisa Nguyen (Sales) and Sophia Lee (Engineering) are also visible.

- **Salaries tax**

Salaries tax in Hong Kong is levied on an individual's income from employment, including salary, bonuses, and benefits. It is calculated using a progressive tax rate, where the tax rate increases with income.

For the year of assessment 2023/24, the progressive tax rates are as follows:

Progressive tax rates 2023-2024	
Net Chargeable Income (HK\$)	Tax Rate (%)
On the first 50,000	2%
On the first 50,000	6%
On the first 50,000	10%
On the first 50,000	14%
Remaining balance	17%

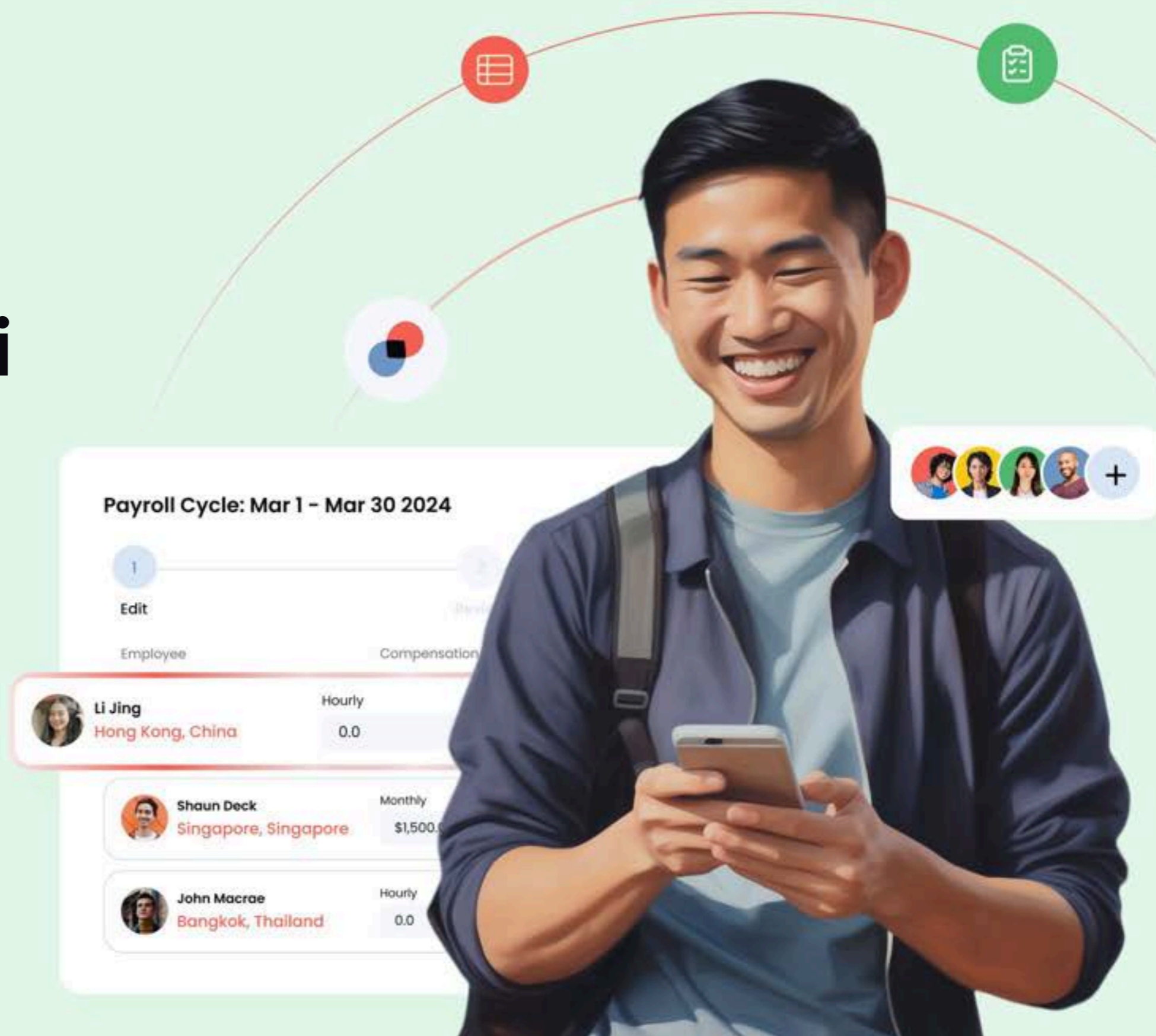
It's also important to note that Hong Kong also has a standard tax rate, which for **2023/24 is 15%**. Employees in Hong Kong are also entitled to various deductions and allowances that can reduce the taxable income, such as personal allowances, dependent allowances, and deductions for MPF contributions. These are applied before the progressive tax rates are calculated, further lowering the tax burden.

## Manage your **global** workforce with Omni

- Transparent pricing
- No hidden fees
- Fastest implementation on the market!

[Book A Demo](#)

[Start Free Trial](#)




## In This Chapter:

 Understanding The Labor Market

 Hiring Foreign Workers

 Taxes & Contributions

 Process For Recruiting

 Managing Your Workforce



*Indonesia*  
**Indonesia** 

# Understanding the Labor Market in Indonesia

# 01

Indonesia's economy is among the largest in the region, propelled by strong manufacturing, agriculture, mining, and service sectors.

With a [young and educated workforce](#), with high numbers graduating in key industries like engineering, IT, finance, and other professional courses, the Indonesian labor market provides companies with skilled and professional employees who can be reached through job channels and networks, making Indonesia a strategic location for the expansion of businesses and a thriving place for employment.

## Labor laws

When hiring foreigners in Indonesia, the Indonesian labor law protects the rights of both employers and employees. The main legislation governing employment terms, working hours, and employee rights is the [Manpower Law No. 13 of 2003](#).

Among others, it covers employment contracts, termination, and dispute resolution. In addition, the Law [No. 11 of 2020 on Job Creation \(Omnibus Law\)](#) brings significant amendments to labor laws on contract employment, severance pay, and outsourcing.



Read next

 10 min read

[Indonesia Employment Law Explained](#)

## Minimum wage

Indonesia follows a [minimum wage policy](#) that varies from one province to another. The average wage is determined by the provincial government each year. It varies according to the living cost, inflation rate, and economic growth. This Indonesia average wage policy has to be followed by all employers in order to pay their employees fairly and ensure proper employee benefits in Indonesia.



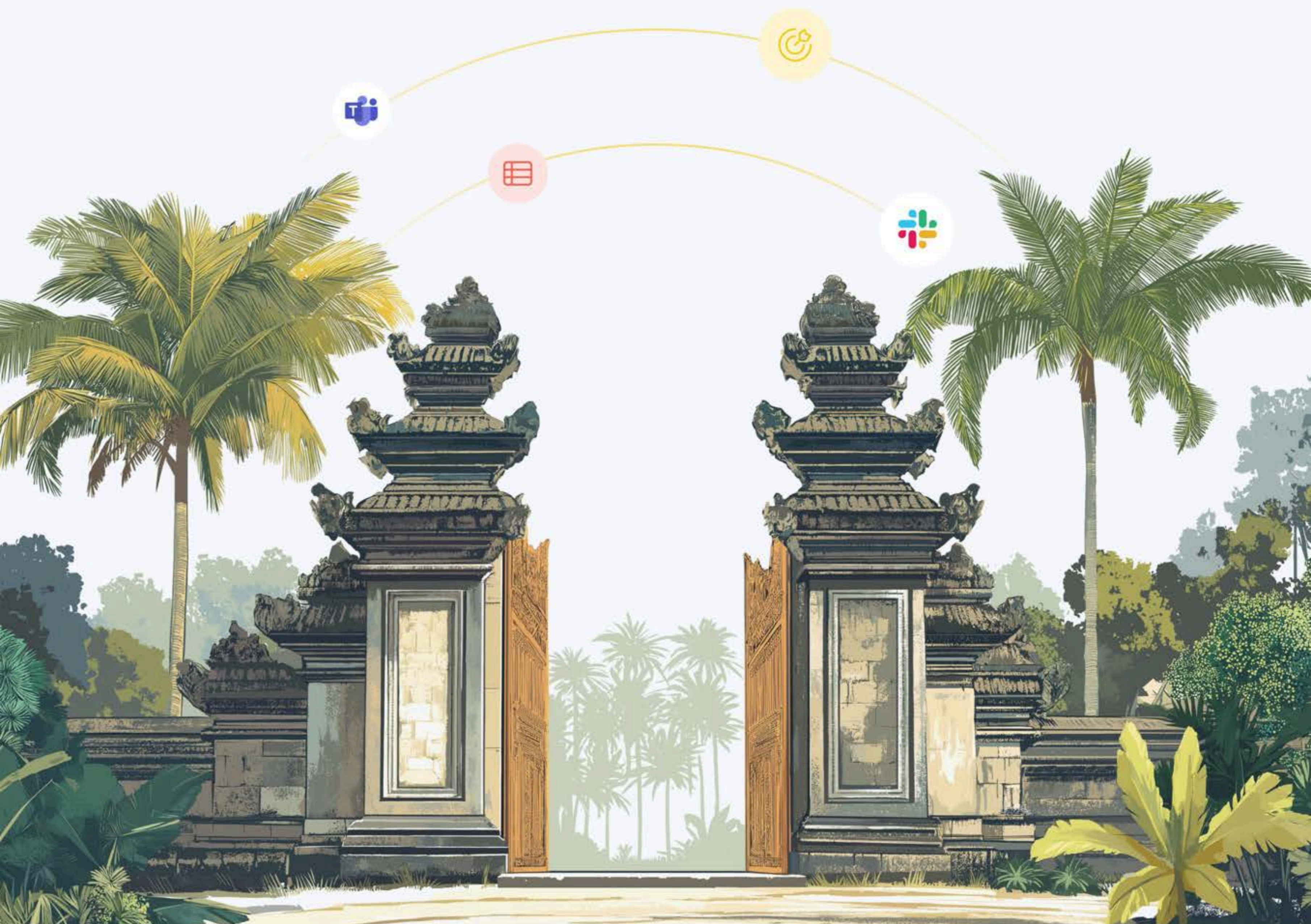
## 🕒 Working hours

The standard workweek in Indonesia is **40 hours per week**, usually distributed in 8 hours of work daily for 5 days or 7 hours of work daily for 6 days. Overtime is possible but must be paid according to conditions. Its working hours are up to four hours a day and 18 hours a week, with an exception in case of public holidays.

For recruitment in Indonesia, the collective labor agreement, company regulations, or employment agreement should clearly say in writing what type of position does not have the right to overtime pay; otherwise, workers will automatically have the right to this payment.

## 🏠 Social Security

Under Indonesian law, each employer is required to enroll staff in national social security schemes organized by **BPJS: Badan Penyelenggara Jaminan Sosial**. The system provides a wide range of employee benefits in Indonesia, including health care, work-related accident cover, old age savings, and death benefits. Employers are obliged to pay contributions on behalf of employees.



# Employment Process in Indonesia

# 02

Recruitment in Indonesia is done carefully to ensure that the best talent is attracted and hired for your organization. Here is an overview of the process in steps:

## Job description

Develop a detailed job description to attract the right candidates and set clear expectations. This can include the title and job scope, key responsibilities and duties, qualifications and competencies required, work environment, compensation and benefits, and company overview.

## Recruitment channels

Identify effective channels of recruitment that reach a wider pool of talents. You can employ online job portals such as [JobStreet](#), [LinkedIn](#), and [Indeed](#). Use the services of agencies specializing in recruitment in Indonesia and also partner with universities and colleges, social media, and employee referrals.

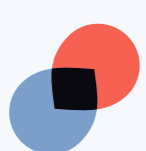
## Screening and selection

Screen and select candidates through a multi-tiered process: review of applications and resumes to shortlist candidates, initial screen by phone/video, followed by HR and technical interviews.

Final **screening interviews** with senior management are extended, followed by background checks.

## Job offers

Once selected, extend an offer of employment. Give an offer letter with the details of the job and the terms of employment. Be prepared for negotiations and confirm the commencement date upon acceptance. Prepare the draft of the **employment contract** under Indonesian labor law and design the **onboarding process** to bring the new employees into the organization, and that's all for your recruitment in Indonesia.





# Onboarding and Compliance in Indonesia

# 03

Hiring foreigners in Indonesia involves a few critical steps that are important for [global compliance](#) with local laws, as well as making onboarding as smooth as possible.

## Employment contracts

While hiring foreign employees, you need to draft an exhaustive employment contract in line with Indonesian labor laws. It will contain the title of the job and a description, salary, working hours, annual leaves, conditions of termination, and employee benefits in Indonesia.

The contract must be clear in its intent and legally bound to protect the employer and the employee. The employment contract must be either in Bahasa Indonesia or in a bilingual format in order for the contract to be legally valid.

Recruitment in Indonesia also provides for the use of fixed-term employment contracts, commonly known as "[Perjanjian Kerja Waktu Tertentu](#)" or **PKWT**. In Indonesia, there are three types of fixed-term contracts: FTC based on the completion of work, FTC based on a period of time, and FTC related to non-permanent work. These are mainly applied to special projects, seasonal work, or additional temporary requirements within a specific period. Because of this, all contract extensions cannot be for more than a prolonged period but are allowed to a maximum total duration of five years.

## Work permits for foreign employees

### KITAS

After the issuance of the IMTA, a foreign worker will have to apply for a KITAS. This will grant them the right to stay in Indonesia for the period of their respective employment contracts.

### IMTA (Work permit)

Also during recruitment in Indonesia, the employer can apply for an IMTA once the RPTKA is approved. IMTA is a legal permit for foreigners working in Indonesia.

### RPTKA (Expatriate Placement Plan)

An employer shall obtain approval from the Ministry of Manpower through an Expatriate Placement Plan. This means that the employer must state the reasons for employing a foreign employee and the position of the employee within the company.

[Learn More](#)

 6 min read

[\*\*Hiring in Indonesia: How to Prepare a Foreign Worker Utilisation Plan\*\*](#)





## Social Security registration

As an organization in the process of recruitment in Indonesia, registration of foreign employees is compulsory within the national social security schemes provided through BPJS, including:

- **BPJS Kesehatan:** Health care benefits provided to employees and their families.
- **BPJS Ketenagakerjaan:** Compensation insurance related to work accidents, old-age savings, and death.

For all the above social securities, employers are required to pay contributions on behalf of their employees. These come under employee benefits in Indonesia.



## Induction training

Induction training should include new hire orientations that will involve discussing the history of the company, its mission, values, and organizational chart. You can introduce them to the key team members and stakeholders they will be dealing with in due course.

During recruitment in Indonesia, training on company policy and procedures is

done to ensure new employees get an understanding as to what is expected and what standards are required.

Cultural awareness training on Indonesian culture, customs, and workplace etiquette can also be done to better understand the local surroundings and foster a diverse and positive workplace culture.

# Manage your **global** workforce with Omni

- Transparent pricing
- No hidden fees
- Fastest implementation on the market!

[Book A Demo](#)

[Start Free Trial](#)



# Managing Your Workforce in **Indonesia**

# 04

This is the stage in the Hong Kong employment process where new employees transition from onboarding to becoming productive members of your team.

## **Indonesia payroll and benefits**

Under Indonesian law, it is the duty and responsibility of every employer to make payroll processing accurate and on time. Global payroll processing includes the calculation of salary, including basic pay, allowance, bonus, and any other compensation.

Indonesia applies a minimum wage policy. The Indonesian average wage level depends on the region and is determined annually by the provincial government.

A number of companies are adopting Indonesia payroll software for payroll automation to streamline the payroll process within recruitment in Indonesia.

Compliance with the statutory requirement of minimum wage will be necessary, as well as statutory benefits related to health insurance (BPJS Kesehatan) and employment insurance (BPJS Ketenagakerjaan).

## **Leave management**

You can use an HR management tool to track and manage various leave types.

### **1 Annual leave**

Can be taken by employees for a minimum of twelve days after one year of service

### **2 Public holidays**

Holidays are taken from the official calendar and as declared by the government.

### **3 Sick leave**

Can be taken as needed based on the medical attention needed.

### **4 Parental leave**

Will be provided in accordance with the company's policies. Generally, maternity leave lasts for 3 months or 6 months for extended cases, while paternity leave goes on for 2 to 3 days.



## Performance management

You can also indicate the [key performance indicators](#) for every position and conduct regular appraisals. [Providing feedback](#) and [goal setting](#) can improve employee performance.

## Employee relations

You also need to keep open lines of communication. Handle employee grievances in a timely manner and strive toward a positive [company culture](#).

## Compliance

Organizations that are interested in recruitment in Indonesia must stay abreast of information about the Indonesian labor laws and regulations.

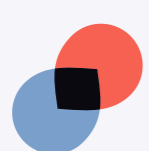
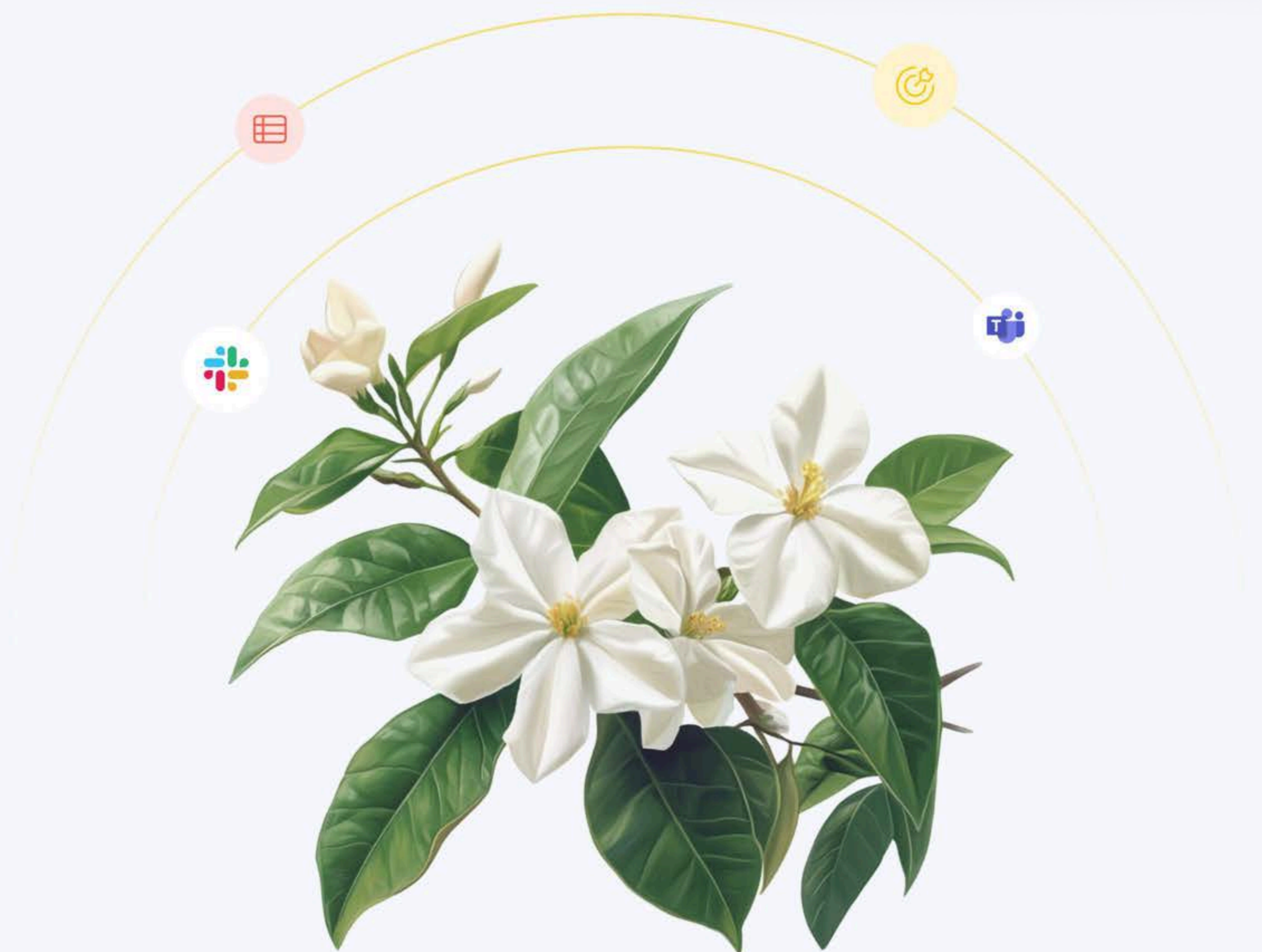
Keeping all [employees' records](#) appropriately and relevantly can help to avoid penalties easily and can be done with [HR software](#).



Read Next

 6 min read

### [The 2024 HR Compliance Checklist: APAC Edition](#)



# Taxes and Contributions

# 05

## Employer obligations

- **Jaminan Sosial Nasional (JSN)**

Employers will be required to register their employees for the [national social security schemes](#) under BPJS, covering health insurance and employment insurance. This is compulsory on the employer on behalf of the employee.

- **Tax on wages (Pajak Penghasilan Pasal 21)**

Employers are required to deduct income tax, [Pajak Penghasilan Pasal 21](#), from the average wages paid to employees in Indonesia, and it must be calculated and deducted according to applicable tax rates for recruitment in Indonesia.

- **Tax compliance**

For recruitment in Indonesia, all employers must comply fully with Indonesian taxation laws through proper calculation, withholding, and remittance to the relevant tax authority:

### Payroll processing

[Payroll](#) should be processed accurately and promptly. Employers are supposed to calculate wages, benefits, and deductions correctly and ensure that these are paid out accurately to the employees.

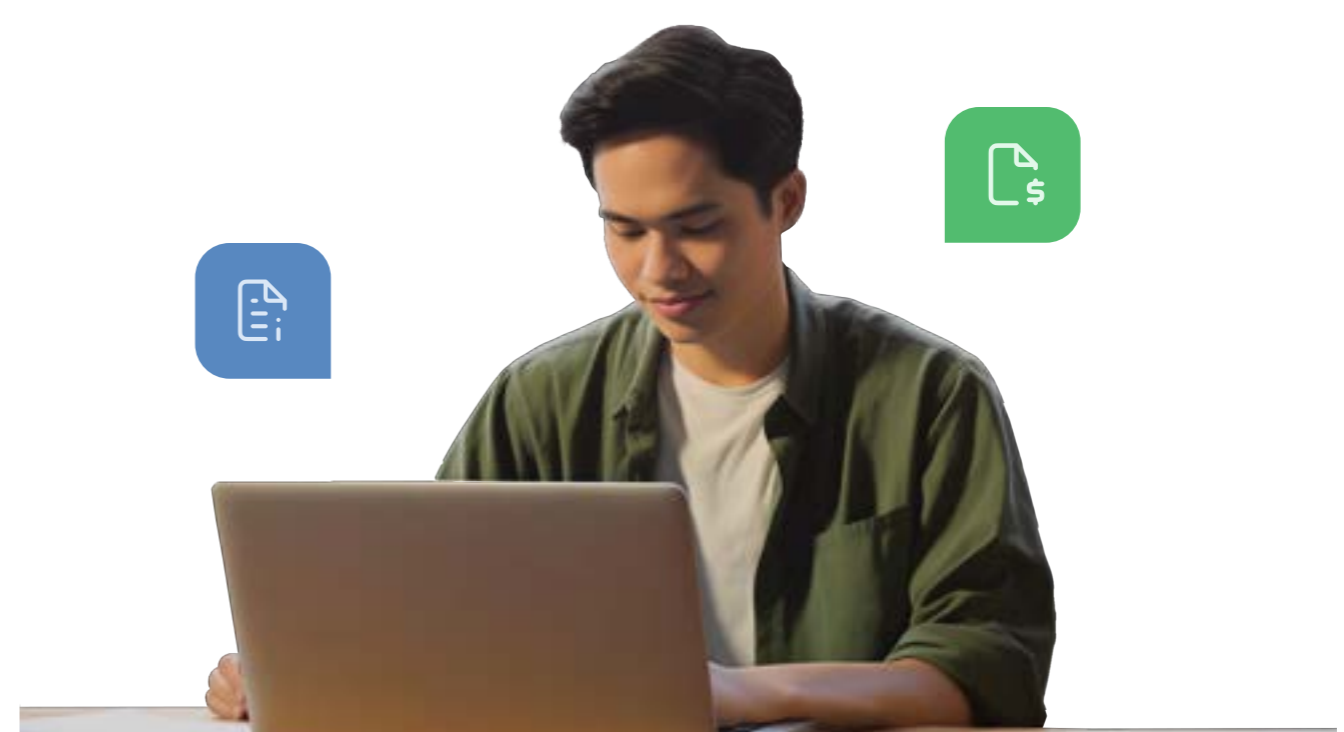
### Tax filing

Indonesian tax laws require employers to file periodic reports and returns with the relevant tax authorities. This will involve monthly and annual filings in respect of income tax and social security contributions.

### Record keeping

The employers are obliged to maintain correct and full records concerning Indonesia payroll, taxes, and employee information.

These records shall be made available for inspection at all times by relevant authorities.





## Employee obligations

- **Jaminan Sosial Nasional (JSN)**

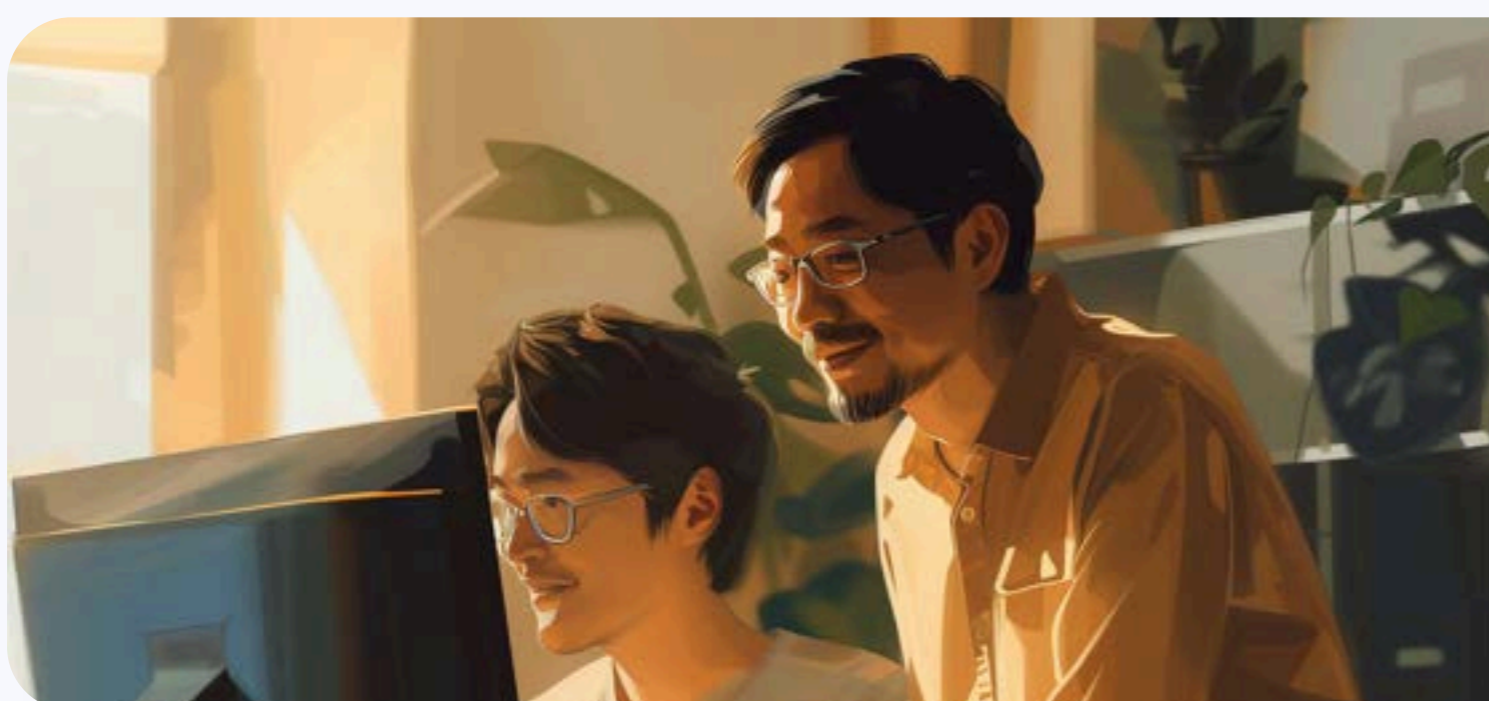
Employees are required to be registered for the national social securities: BPJS Kesehatan and BPJS Ketenagakerjaan. Contributions to these are partly withheld from the employees' salaries.

- **Income tax (Pajak Penghasilan)**

When it comes to recruitment in Indonesia, employees are obliged to pay **income tax** (Pajak Penghasilan) from the income they make. Usually, such tax is withheld from the employee's salary by the employer and then transferred to the relevant taxation institutions. The employees should also take care of the **updates on taxation information** to avoid any discrepancies.

Below is a table summarizing the income tax rates for employees in Indonesia:

Progressive tax rates 2023–2024	
Annual income (IDR)	Tax Rate (%)
Up to 60 million	5%
Above 60 million to 250 million	15%
Above 250 million to 500 million	25%
Above 500 million to 5 billion	30%
Above 5 billion	35%



Additional Reading

⌚ 8 min read

**Helping Employees Prepare for Income Tax Indonesia**



## In This Chapter:



Understanding The Labor Market



Hiring Foreign Workers



Taxes & Contributions



Process For Recruiting



Managing Your Workforce

# Malaysia



# Understanding the Labor Market in Malaysia

# 01

Malaysia is recognized as one of “the strongest, most diversified, and fastest-growing in Southeast Asia” by [Britannica](#). This is seen across diverse sectors, such as tourism, pharmaceuticals, commerce, tech, and manufacturing.

The country is home to top talents in many fields, and having access to global talents allows you to tap into that market. Not to mention, [Malaysia takes 12th place globally for ease of business in the Doing Business Rankings](#).

## 📖 Labor laws

By tackling the different laws and regulations that govern this market, you can decide if hiring foreign workers in Malaysia is right for you. If it is, you should understand how to comply with the market laws and protect your business in Malaysia payroll management by learning about its inner workings (like the average salary in Malaysia, for example).

## 📖 Employment Act 1955

The [1955 Employment Act](#) mainly governs employment in Malaysia. The act requires you to create a written contract for all working arrangements over one month when hiring foreign workers in Malaysia, stating their terms and conditions (like the average salary in Malaysia and probation period Malaysia policies).

By documenting your transactions in payroll, Malaysia ensures that you comply with these labor laws. For instance, it monitors the minimum and average wage in Malaysia and the benefits during the probation period Malaysia mandates.



Read next

⌚ 9 min read

[\*\*Understanding Malaysia's Employment Act: Updates & FAQs in 2024\*\*](#)





## 📷 Minimum wage

Since you're hiring foreign workers in Malaysia, know that the minimum and average salary in Malaysia applies to all workers, including employees who are paid based on their workload.

It's important to ensure that your employees' average wage in Malaysia is above the minimum to remain compliant with regulations.

The average salary in Malaysia is estimated to be around RM4,000 per month. Naturally, this average salary in Malaysia increases with [overtime payments](#), which you should factor into your [Malaysia payroll processes](#).



The minimum wage in Malaysia is **RM1,500 per month**. For payroll Malaysia purposes, that makes the minimum wage in Malaysia **RM7.21 per hour** and **RM69.23 per day** in a 5-day week.

— [Minimum Wages Order 2022](#)

## 🕒 Working hours

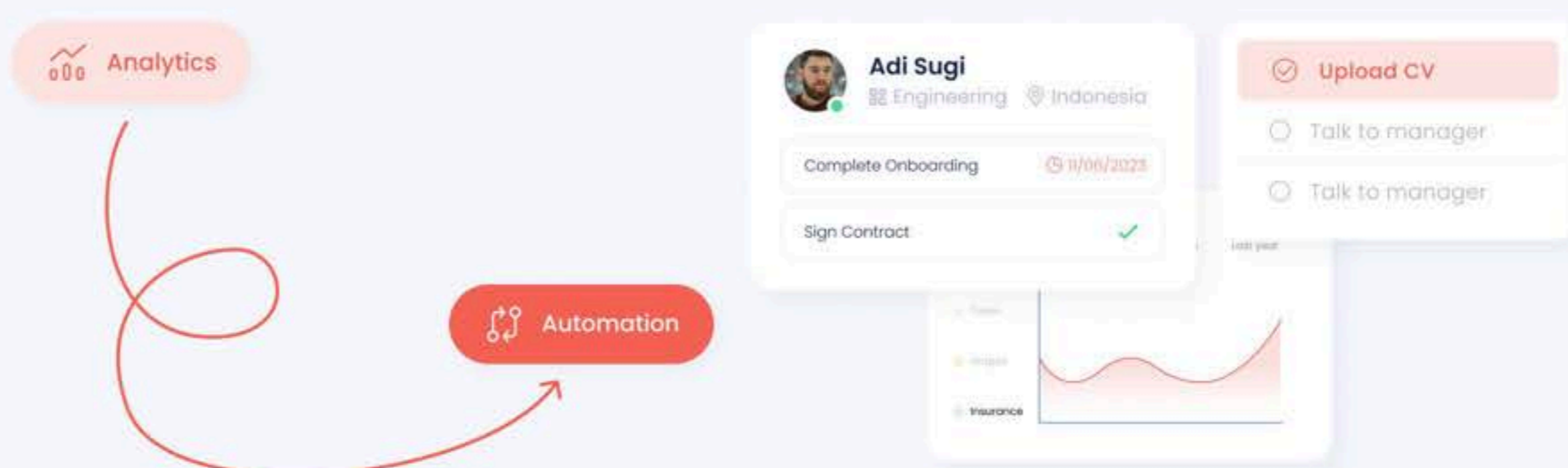
If you're hiring foreign workers in Malaysia, the working hours are **45 hours per week**. The standard hours are from 9 AM to 5 PM every Monday to Friday.

As for overtime, employees can legally work up to **104 extra hours per month**. When you manage payroll, Malaysia requires you to track working hours and add the overtime rate to the average wage in Malaysia your employees are paid.

## 👤 Social Security

Social Security laws protect Malaysia's workforce against discrimination based on age, religion, gender, and race. We elaborate further below, but these include the [Malaysian Social Security System \(SOCSO\)](#) and [Employment Provident Fund \(EPF\)](#), the state retirement fund.

As an employer, you're responsible for contributing a monetary value (based on your employees' average salary in Malaysia) within your Malaysia payroll processes.



# Employment Process in Malaysia

# 02

Understanding the process for hiring foreign workers in Malaysia empowers you to take actual steps to find top talents in the country. Here's what to do.

## Job description

Hiring foreign workers in Malaysia starts with drafting a job description and required qualifications. Ensure that the **job scope** is relevant to the position and sets clear expectations.

## Recruitment channels

If you don't have a local team in Malaysia, your main recruitment channels will most likely be online platforms. Post the job ad to the platforms with a high presence of your target audience, especially popular ones in Malaysia, such as [Hiredly](#), [Adnexio](#), and [LinkedIn](#).

You can also use industry-specific job boards and publications. Alternatively, take advantage of **employer of record (EOR)** providers in Malaysia as a flexible solution to hire talent without setting up a local entity.

## Screening and selection

With screening software, you can filter through job applications you receive to find eligible candidates. Once you've shortlisted a few, schedule **screening interviews** to assess their relevant experience and cultural fit.

## Job offers

The final step in the hiring process is to send out job offers and draft up an employment contract, which is necessary for hiring foreign workers in Malaysia. A period of negotiation might follow to agree on the employment terms, which means you must be aware of the typical benefits and average salary in Malaysia.

Once they accept your job offer, you can add them to your Malaysia payroll system. Then comes the probation period—Malaysia requires employers to offer probationers the same rights as employees. So, if you pay employees above the average wage in Malaysia, you pay your probationers the same.



# Onboarding and Compliance in Malaysia

# 03

## 📄 Employment contracts

A contract for hiring foreign workers in Malaysia usually includes the following:

- 1 Identification of employer and employee
- 2 Start date
- 3 Duration (if applicable)
- 4 Workplace and working hours
- 5 Employee salary (with benefits and compensation stated)
- 6 Job description and responsibilities
- 7 Payment conditions
- 8 Probation period
- 9 Time off
- 10 Notice period and termination regulations
- 11 Health and safety guidelines
- 12 Anti-discriminatory clauses

## 📅 Employee registration

You must register the details of your new hires with mandatory social insurance programs such as EPF and SOCSO. Also, by adding your employees to the company payroll, you can track compliance by referring to the minimum and average salary in Malaysia.

## 📄 Induction training

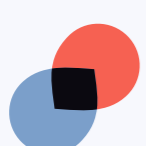
During the probation period, Malaysian businesses conduct induction training to introduce probationers to the work environment and business processes. This training supports them throughout the onboarding process.



Read next

⌚ 7 min read

**Create a Memorable New Hire Orientation: Tips, Checklists, and Best HR Practices**



# Managing Your Workforce in Malaysia

# 04

Effective workforce management reduces stress, ensures compliance, and enhances work satisfaction, increasing employee loyalty and retention rates. It's composed of the following:

## Malaysia payroll and benefits

To understand the Malaysia payroll system, you should be aware of the minimum and average salary in Malaysia and the minimum and average wage in Malaysia per hour. You should also mind the payroll Malaysia cycle, which is typically monthly. The Malaysia payroll duties also include tax collection and contributions and reporting for each financial year (which we will cover more below).

A [central payroll management software](#) can help calculate the average salary in Malaysia for each employee (after deducting taxes). Aside from offering the average wage in Malaysia to satisfy employers, you want to provide a competitive, local, tailored benefits package when hiring foreign workers in Malaysia.

## Performance management

For effective [performance management](#), you monitor employee performance with certain [KPIs](#) in mind. You can conduct an [employee performance appraisal](#) regularly to make informed decisions.



Read next

7 min read

[12 Employee Recognition Examples to Keep Your Team Engaged All Year](#)

## Employee relations

When you're hiring foreign workers in Malaysia, refer to labor laws such as the Employment Act, which covers the average wage in Malaysia and Malaysia payroll-related policies to ensure a positive employer-employee relationship.

Also, keep an eye on the [Industrial Relations Act \(IRA\)](#) as it outlines the rights and responsibilities of both parties and trade unions. In other words, it helps you through contracts, disagreements, and terminations.






## Compliance

When it comes to compliance, Malaysia's labor laws and regulations are complex and ever-changing. To ensure that you remain compliant, consider seeking advice from legal and compliance experts when hiring foreign workers in Malaysia.

They can assist with the registration of new employees for mandatory contributions, ensuring you pay a compliant average wage in Malaysia. Also, a solid [payroll Malaysia solution](#) can help you comply with Malaysia's payroll policies, ensuring your average wage in Malaysia is above the minimum.

## Get in touch with our HR experts today

-  Transparent pricing
-  No hidden fees
-  Fastest implementation on the market!

[Book A Demo](#)

[Start Free Trial](#)



Payroll Cycle: Mar 1 - Mar 30 2024

Employee	Compensation
 Thanh Truc Da Nang, Vietnam	Hourly 0.0
 Tan Wei Jie Kuala Lumpur, Malaysia	Monthly \$1,500.00
 John Macrae Bangkok, Thailand	Hourly 0.0



# Taxes and Contributions in Malaysia

# 05

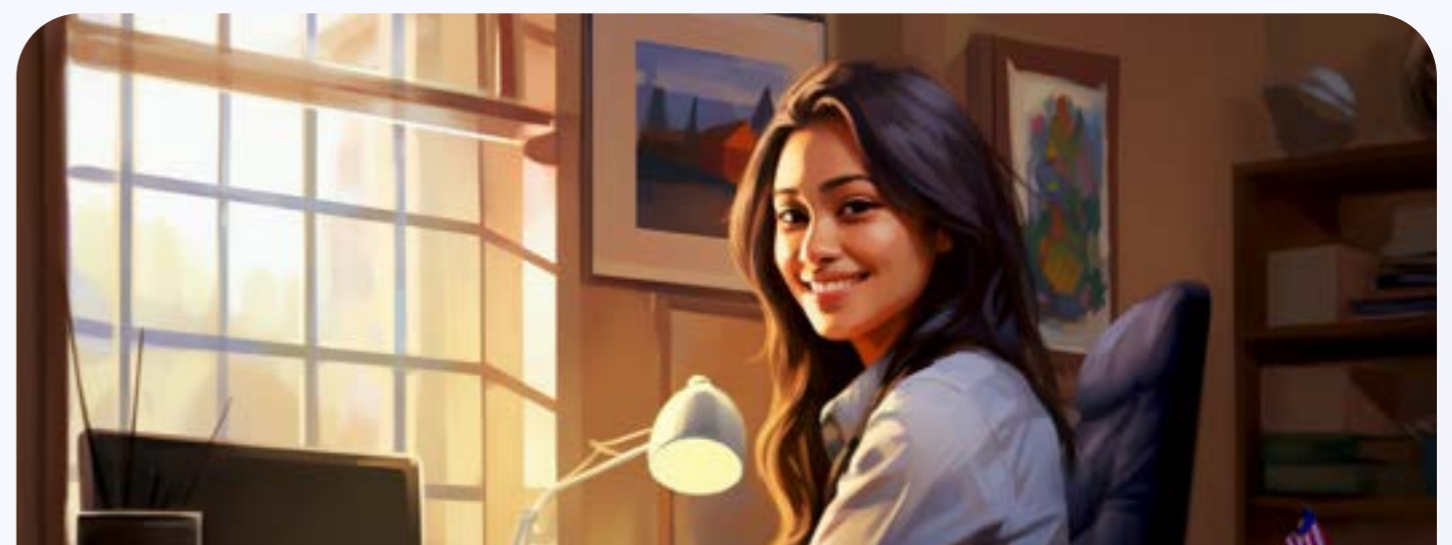
## Employer obligations

When hiring foreign workers in Malaysia, it's important to include the following taxes and contributions within your system for payroll.

## Employees Provident Fund (EPF)

**The EPF** is Malaysia's state-mandatory retirement fund that employees of the private sector can access upon retirement or for certain purposes (that you contribute to as part of your payroll Malaysia processes).

Withholding EPF from the employee salary falls partly under the Malaysia payroll processes, as it contains contributions from employees and employers. That's 4% to 13% of your employee's monthly wage in Malaysia, according to their age, income, and resident status.



Learn more

9 min read

### [The Employer's Handbook to EPF Contributions in Malaysia](#)

## Social Security Organization (SOCSO)

When it comes to **SOC SO**, Malaysia mandates it to assist employees financially when they can't work due to the death of a family member or their injury or disability.

Like the EPF, employers and employees must contribute to it.

According to Malaysia payroll policies, employers must pay 1.25% of your employee wages for those who are 60 and above and 1.75% for those who are below 60.



Additional reading

9 min read

### [Navigating Malaysia's Employment Insurance System \(EIS\)](#)



## ☞ Human Resource Development Fund (HRDF)

The [Human Resources Development Fund](#) is set up for financing upskilling and training of employees. According to Malaysia payroll regulations, companies with more than 10 employees must contribute 1% of an employee's total average wage in Malaysia, so be sure to include that in the requirements for your payroll in Malaysia.

## ☞ Tax compliance

To ensure Malaysia payroll and tax compliance, you should also keep [employee records](#), including the following:

1 Employment letter

2 Commission slip

3 Expense claim slip

4 Monthly leave record

Additionally, you must file your company's taxes for Malaysia payroll compliance purposes. That also includes submitting your employees' [income tax return forms](#) on time.



[Learn More](#)

⌚ 8 min read

[2024 Malaysia Tax Guide](#)

## ☞ Employee obligations

Aside from your obligations, here are some important employee obligations that you need to ensure that your workforce is aware of.

## ☞ Employees Provident Fund (EPF)

As mentioned, when hiring foreign workers in Malaysia, your employees contribute to the EPF. It is often between 0% and 11% of their monthly salary.

## ☞ Social Security Organization (SOCSSO)

SOCSSO is a levy that employees contribute to, with percentages ranging from 0.5% to 3%. It's worth noting that there are specific circumstances where employees with higher salaries might be able to opt out of this contribution.

The primary reason for this exemption is due to the fact that higher-income earners are assumed to have access to other forms of insurance, such as private health insurance, and therefore do not require the same level of social insurance support.

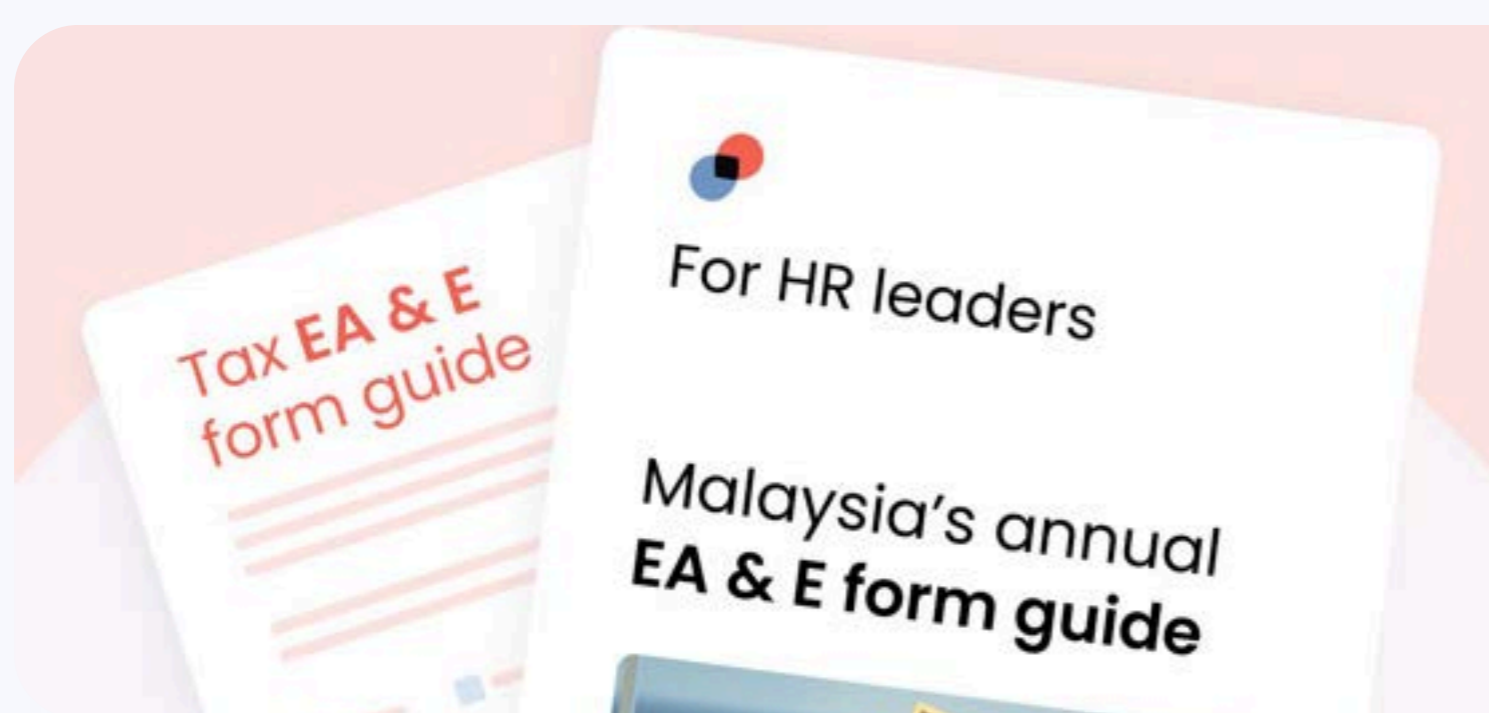




## Income tax

The income tax is the percentage of an employee's income that they owe, and its value is based on the [salary range](#). Here's a quick breakdown of the tax brackets:

Income tax in Malaysia for 2023	
Income Range (RM)	Tax Rate (%)
0 to 5,000	0%
5,001 to 20,000	1%
20,001 to 35,000	3%
35,001 to 50,000	6%
50,001 to 70,000	11%
70,001 to 100,000	19%
100,001 to 400,000	25%
400,001 to 600,000	26%
600,001 to 2,000,000	28%
Above 2,000,001	30%



Relevant reading

⌚ 7 min read

### [Malaysia's Annual Tax EA & E Form Guide](#)





## In This Chapter:



Understanding The Labor Market



Hiring Foreign Workers



Taxes & Contributions



Process For Recruiting



Managing Your Workforce

# Philippines



# Understanding the Labor Market in the Philippines

# 01

For organizations looking to expand their horizons and access a vast pool of skilled professionals, the Philippines has emerged as a prime destination.

## 🇵🇭 Labor laws

The Philippines boasts a young, dynamic workforce with a high literacy rate and proficiency in English. As of 2024, it also has a remarkably **low unemployment rate**, estimated to be around **4.7%**. That makes it an attractive talent pool to hire from.

But before you start, it's important to understand the requirements for employment in the Philippines and key employment terms before you begin your **hiring journey**.

## 🇵🇭 Labor Code of the Philippines

The foundation of Philippine labor laws is the **Labor Code of the Philippines**, which outlines the rights and responsibilities of both employers and employees. Key provisions cover aspects like:

- 1 Minimum wage
- 2 Working hours and overtime pay
- 3 Leave entitlements (vacation, sick, maternity, etc.)
- 4 Termination and separation procedures
- 5 Social security and healthcare benefits

## 🇵🇭 Minimum wage

The **minimum wage in the Philippines** varies depending on the region and industry. As of September 2024, the daily minimum wage in Metro Manila ranges from **PHP 608** to **PHP 645**, depending on the sector. In contrast, in Central Luzon (Region III), the daily minimum wage for non-agricultural workers is **PHP 500**, while for agricultural workers it ranges between **PHP 454** and **PHP 470**.

It's important to know what sector and part of the country you're operating in and remain compliant with requirements for employment in the Philippines.

## 🇵🇭 Working hours

The standard workweek is **40 hours**, with a maximum of **eight hours per day**. **Overtime work** is allowed but must be accompanied by additional compensation.



## 🕒 Work Permit Philippines

Foreign nationals seeking employment in the Philippines must obtain the necessary work permit in the Philippines. Key types include:

### **Alien Employment Permit (AEP)**

Required for foreign nationals intending to work in the Philippines for more than six months. It is specific to the employer and the job position.

### **Provisional Work Permit (PWP)**

Issued to foreign nationals while their work visa application is being processed, allowing them to start working temporarily.

### **Work visa**

A visa that allows foreign nationals to enter and stay in the Philippines for employment purposes. Typically, a [9\(g\) pre-arranged employment visa](#) is required.

### **Special Work Permit (SWP)**

For foreign nationals engaged in short-term employment (up to six months) or specific activities such as artistic performances, professional sports, or conferences.

## 👤 Social Security System (SSS)

[The SSS](#) is a social insurance program that provides benefits to private-sector employees and their families and is important to understand to meet requirements for employment in the Philippines. They include:

1 Retirement benefits

2 Disability benefits

3 Death benefits

4 Maternity benefits

5 Sickness benefits

Both employers and employees [contribute to the SSS](#) based on the employee's salary.

## 👤 PhilHealth

The Philippine Health Insurance Corporation ([PhilHealth](#)) is a national health insurance program that provides financial assistance for medical expenses. Both employers and employees contribute to PhilHealth, and coverage extends to the employee's dependents.

## 👤 Home Development Mutual Fund (Pag-IBIG)

[Pag-IBIG](#) is a national savings program that provides housing loans and other benefits to its members. It's mandatory for all employees, and both employers and employees contribute to the fund.



# Employment Process in the Philippines

Now that we've looked at the Philippine labor market, let's explore the key steps involved in hiring new talent.

## Job description

A well-written [job scope](#) serves as the foundation for your recruitment efforts. It not only informs potential candidates about the role but also helps attract qualified applicants.

## Job offers

Now that you've identified your ideal candidate, it's time to extend a job offer. This should include:

### Salary and benefits

Clearly outline the compensation package, including salary, bonuses, and benefits.

### Other terms and conditions

Include any other relevant terms and conditions, such as the probationary period, termination clause, and confidentiality agreement.

### Start date and working hours

Specify the expected start date and the standard working hours for the position.



Get in touch   with our  
HR experts today 

[Book A Demo](#)

# Onboarding and Compliance in Philippines

# 03

Once you've extended a job offer and your new hire has accepted, focus on onboarding and ensuring compliance with requirements for employment in the Philippines. Here's what you need to know:


## Employment contracts


An employment contract is a legally binding agreement between you and your employee. It outlines the terms and conditions of employment, including:


- 1 Job title and responsibilities:** Clearly define the employee's role and duties.
- 2 Compensation and benefits:** Specify the salary, bonuses, and any additional benefits the employee is entitled to.
- 3 Working hours and leave:** Outline the standard working hours, overtime policy, and leave entitlements (annual leave, sick leave, etc.).
- 4 Termination and notice period:** Clearly state the conditions under which the employment can be terminated and the required notice period.
- 5 Confidentiality and non-compete clauses:** Include any necessary clauses to protect your company's confidential information and intellectual property.

## Social Security registration

As an employer, you're responsible for registering your new employees with the following social security programs:

 **Social Security System (SSS)**  
Provides retirement, disability, death, and maternity benefits.

 **Home Development Mutual Fund (Pag-IBIG)**  
Provides housing loans and other benefits.

 **PhilHealth**  
Offers health insurance coverage for medical expenses.

You'll need to collect the necessary information from your employees and submit their registration applications to the respective agencies.



## 🕒 Tax identification number (TIN)

Every employee needs a Tax Identification Number (TIN) to file their income tax returns. You can assist your new hires in obtaining their TIN from the [Bureau of Internal Revenue \(BIR\)](#).

## 👤 Induction training

A comprehensive induction program is a great idea for [welcoming new hires](#) and integrating them into your company culture. It should cover:



### Job-specific training

Provide detailed training on the employee's role, responsibilities, and performance expectations.



### Company policies and procedures

Familiarize the employee with your company's policies, including the code of conduct, leave policies, and safety procedures.



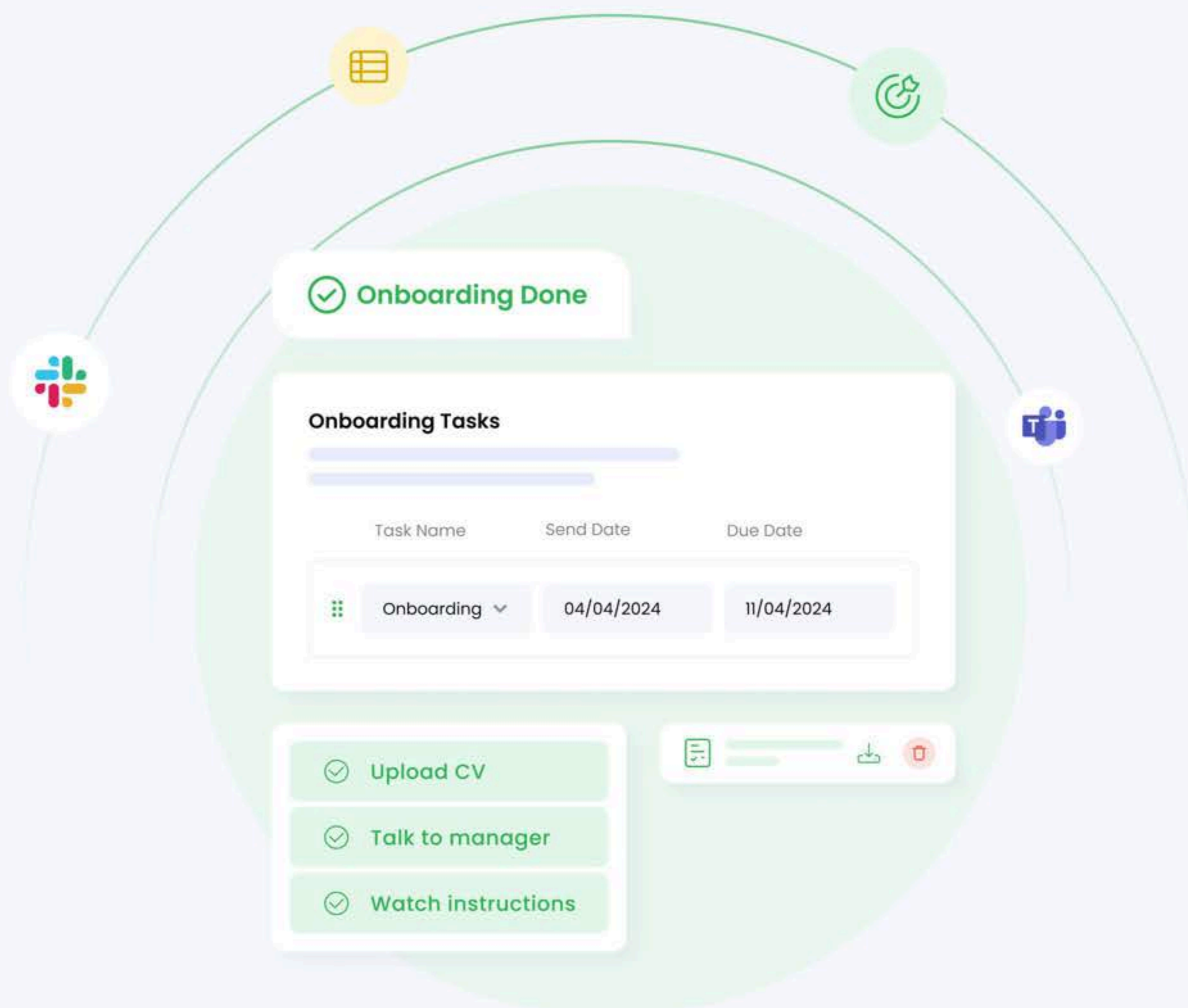
### Company overview

Introduce your [company's mission](#), vision, [values](#), and organizational structure.



### Team introductions

Help the new hire get to know their colleagues and build relationships.



# Managing Your Workforce in Philippines

# 04

[Hiring foreign workers in the Philippines](#) can bring valuable skills and perspectives to your team, but managing them and your Philippines payroll effectively requires understanding both local labor laws and cultural nuances. Here's what you need to know:

## Philippines Payroll and Benefits

**Compensation and Benefits**  
Ensure your foreign workers receive competitive compensation and benefits packages that comply with Philippine labor laws and meet their expectations.

**Currency Conversion**  
If you're paying your foreign workers in a currency other than Philippine Pesos, make sure you have a reliable and cost-effective system for currency conversion.

**Payroll Processing**  
Navigating the intricacies of Philippines payroll, including tax withholding, mandatory contributions to social security programs, and 13th-month pay, can be complex.

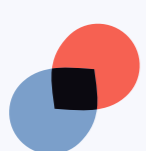
Consider partnering with a local payroll provider or using a global payroll solution to streamline the process.

## Performance management

**1 Clear Expectations**  
Set clear performance expectations and provide regular feedback to your foreign workers. This helps ensure they understand their roles and responsibilities and are contributing effectively to the team.

**2 Cultural Sensitivity**  
Be mindful of cultural differences when providing feedback and conducting performance reviews. Adapt your communication style to avoid misunderstandings and ensure effective feedback delivery.

**3 Growth and Development**  
Offer opportunities for professional development and training to help your foreign workers grow and thrive in their roles.



## 🕒 Employee relations



### Open Communication

**Foster a culture** of open communication and transparency, where foreign workers feel comfortable sharing their ideas and concerns.



### Cultural Integration

Help your foreign workers integrate into the company culture and build relationships with their local colleagues.



### Conflict Resolution

Address any conflicts or misunderstandings promptly and fairly, considering cultural differences in communication and conflict resolution styles.



## 💰 Compliance



### Work Permits and Visas

Ensure your foreign workers have the necessary work permits and visas to legally work in the Philippines. Stay updated on any changes in immigration regulations.



### Labor Law Compliance

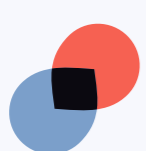
Familiarize yourself with the Philippine Labor Code and ensure your HR policies and practices comply with all relevant regulations.



### Tax Compliance

Comply with tax requirements for employment in the Philippines and regulations regarding foreign workers.

Consult with a tax professional to ensure accurate tax withholding and reporting.





# Taxes and Contributions in Philippines

# 05

## Employer obligations

Managing taxes and contributions is an essential aspect of requirements for employment in the Philippines. As an employer, you have specific obligations to ensure compliance and contribute to the social security and well-being of your employees.

- **Social Security Stems (SSS)**

Both employers and employees contribute to the SSS based on the employee's monthly salary credit (MSC), which is the range of compensation used to determine contribution and benefit amounts. The employer's contribution rate for 2024 is **13%** of the employee's MSC.

- **PhilHealth**

The employer's contribution rate for 2024 is **4%** of the employee's monthly salary, up to a maximum monthly premium contribution.

- **Pag-IBIG**

The employer's minimum contribution rate for 2024 is **2%** of the employee's monthly compensation.

- **Withholding tax**

Employers are responsible for deducting withholding tax from their employees' salaries based on the applicable tax rates and brackets. These deductions must be remitted to the Bureau of Internal Revenue (BIR) on a monthly or quarterly basis.

## Tax compliance



### Payroll processing

Accurate **payroll processing** is crucial for ensuring correct tax deductions and contributions to social security systems. Consider using payroll software or outsourcing to a local provider to streamline this process.



### Record keeping

Maintain detailed records of all payroll transactions, including payslips, tax deductions, and contributions to social security programs. These records should be kept for a specified period for compliance and audit purposes.



### Tax filing

Employers are responsible for filing various tax returns, including annual income tax returns for their employees and withholding tax returns. Ensure you meet all filing deadlines to avoid penalties.



## Tax compliance

Tax and contribution regulations can change, so it's important to stay informed and adapt your payroll processes accordingly. Consider consulting with a tax or legal professional to ensure you're meeting all your obligations as an employer.

By diligently fulfilling your tax and contribution responsibilities, you not only comply with requirements for employment in the Philippines but also contribute to the financial security and well-being of your employees.

## Employee obligations

While employers have their share of responsibilities, your employees also play a crucial role in ensuring compliance and securing their own financial future. Here's what your employees need to be aware of:

- **Social Security Stems (SSS)**

Employees contribute **4.5%** of their Monthly Salary Credit (MSC), which is the range of compensation used to compute contributions and benefits.

- **PhilHealth**




Employees contribute **4%** of their monthly salary, up to a maximum monthly premium contribution.

- **Pag-IBIG**

Employees contribute **2%** of their monthly compensation, up to a monthly savings **maximum of PHP 10,000**.

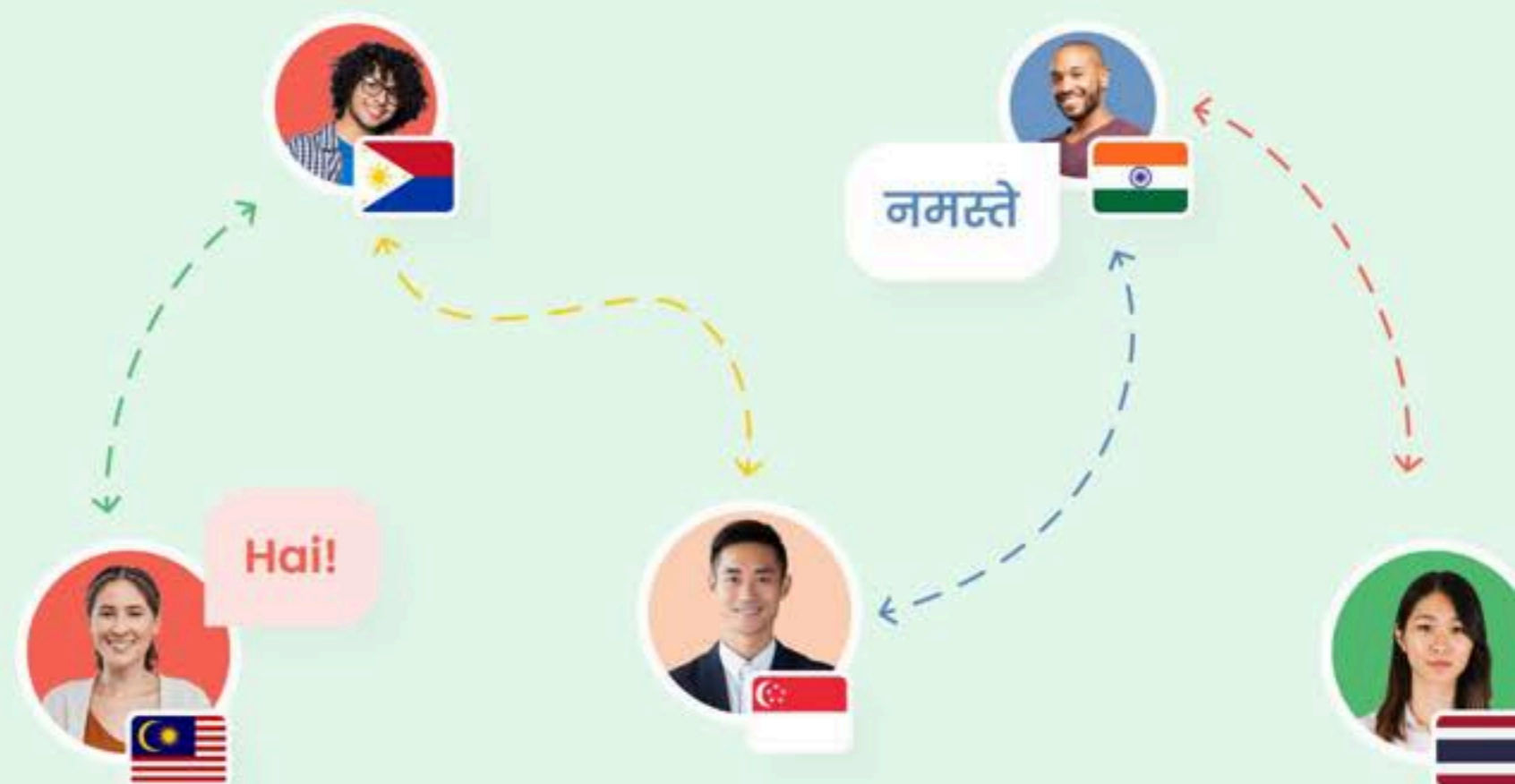


## Manage your **global** workforce with Omni

-  Transparent pricing
-  No hidden fees
-  Fastest implementation on the market!

[Book A Demo](#)

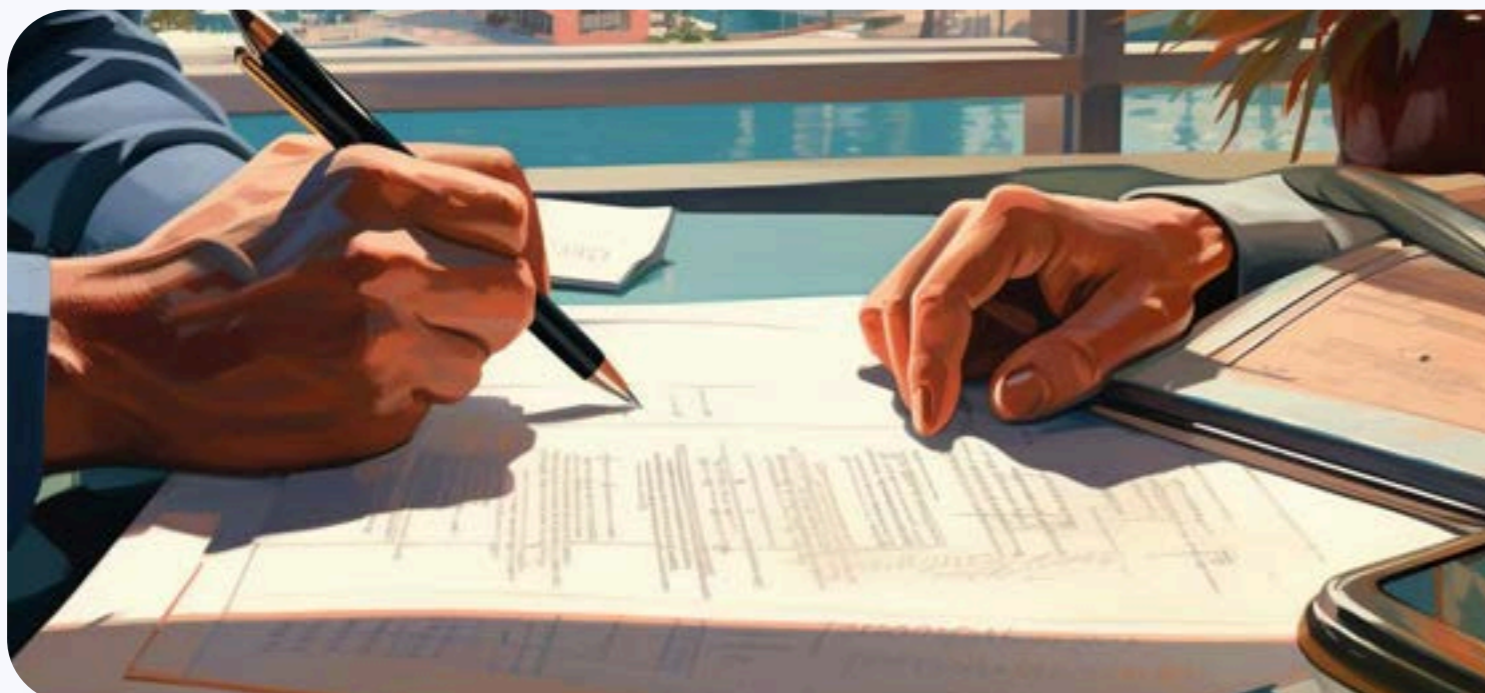
[← Start Free Trial](#)



- **Income tax**

Employees are responsible for filing their annual income tax returns with the [Bureau of Internal Revenue \(BIR\)](#). The Philippine income tax system is progressive, meaning the tax rate increases as income rises. Here's a table showing the tax rates for resident individuals for the year 2023 (taxable year 2022):

Income tax in the Philippines for 2023	
Taxable Income (PHP)	Tax Rate (%)
Up to 250,000	0%
250,001 - 400,000	15%
400,001 - 800,000	22,500 + 20% on excess over 400k
800,001 - 2,000,000	102,500 + 25% on excess over 800k
2,000,001 - 8,000,000	402,500 + 30% on excess over 2 million
Above 8,000,000	2,202,500 + 35% on excess over 8 million



Read next

⌚ 7 min read

**[Your Guide to Tax Annualization in the Philippines](#)**



## In This Chapter:

 Understanding The Labor Market

 Hiring Foreign Workers

 Taxes & Contributions

 Process For Recruiting

 Managing Your Workforce

*Singapore*  
**Singapore** 

# Understanding the Labor Market in Singapore

# 01

With its robust economy and business-friendly environment, Singapore is a great choice for organizations seeking to go global. Hiring foreigners in Singapore can be a strategic move for your organization if you wish to access specialized skills and tap into new markets.

Before we move on to what you need to know when hiring foreigners in Singapore, let's lay the groundwork covering the legal frameworks, minimum wage, working hours, and mandatory social contributions.

## Understanding the legal frameworks

Here are certain legal frameworks you need to keep in mind when hiring foreigners in Singapore to ensure compliance and avoid penalties.

### Employment Act

[The Employment Act](#) is Singapore's main labor law, outlining the terms and conditions for all employees. By familiarizing themselves with this act, employers can understand their obligations, ensuring compliance and avoiding legal issues when hiring in Singapore.

The act covers minimum wages, working hours, [annual leave entitlements](#), and termination procedures.

It also outlines specific responsibilities towards employees, including maintaining a safe working environment, [upholding fair employment practices](#), and ensuring timely salary disbursements.

Adhering to these regulations will keep your [employees engaged](#) and your organization safe from legal issues.

### Foreign Manpower Act

For businesses hiring foreigners in Singapore, understanding the [Foreign Manpower Act](#) is crucial. This law outlines the responsibilities, offenses, and penalties related to hiring in Singapore.

For example, foreign employees are required to have an [employment pass](#). Hiring without one can result in fines from **S\$5,000** to **S\$30,000** or up to one year of imprisonment.

The Act also covers salary, working hours, [public holidays](#), and leave for foreign employees. Therefore, it's crucial to review the Act thoroughly before hiring foreign workers to comply with regulations.



## 📄 Personal Data Protection Act (PDPA)

Singapore's [Personal Data Protection Act \(PDPA\)](#) sets rules for how personal information can be collected, used, and shared. Organizations must ask for permission before gathering or using personal details, which should be used for specific, valid purposes with consent.

Employees have the right to know why their data is used, access their information, and request corrections. Organizations are responsible for safeguarding data from unauthorized access or misuse. Non-compliance can lead to fines up to **\$S1 million**.



Relevant read

⌚ 6 min read

### [5 Ways Employee Database Software Elevates Your Business](#)

## 📄 Work Injury Compensation Act (WICA)

[The Work Injury Compensation Act \(WICA\)](#) in Singapore establishes a framework for compensating employees for work-related injuries or illnesses, regardless of fault.

Under the act's provisions, employers are mandated to compensate affected employees to cover medical expenses, loss of earnings, and permanent incapacity arising from work-related incidents.

Employers must notify the **Ministry of Manpower (MoM)** and their insurer of accidents resulting in more than three days of medical leave, hospitalization, serious injury, or death. As for compensation, employees can file claims with their employer or the employer's insurer. Employers are responsible for processing these claims and providing compensation per the WICA.

## 📄 Minimum wage

Although there is no minimum wage in Singapore, the government has implemented the Progressive Wage Model (PWM) as a voluntary guideline to encourage employers to pay employees fairly and progressively.

The PWM covers all employees working full-time or part-time and sets wage benchmarks for different sectors and encourages employers to pay their workers higher wages as they gain experience and skills.

In essence, the model aims to increase wages through upgrading skills and increasing efficiency and productivity.

While not legally binding, the PWM has become a benchmark for many employers hiring in Singapore, and it is generally expected that companies will pay at or above the PWM levels.





## Working hours

The standard workweek in Singapore employment is 44 hours. However, this can vary due to the industry, company policies, and employment contracts. In addition to the standard workweek, there are also specific regulations for overtime work, rest days, and [public holidays](#) that you need to consider when hiring foreigners in Singapore.



### **MediShield Life**

A basic health insurance plan, administered by the CPF board, which helps to pay for large hospital bills and selected costly outpatient treatments, such as dialysis and chemotherapy for cancer.



### **Comcare**

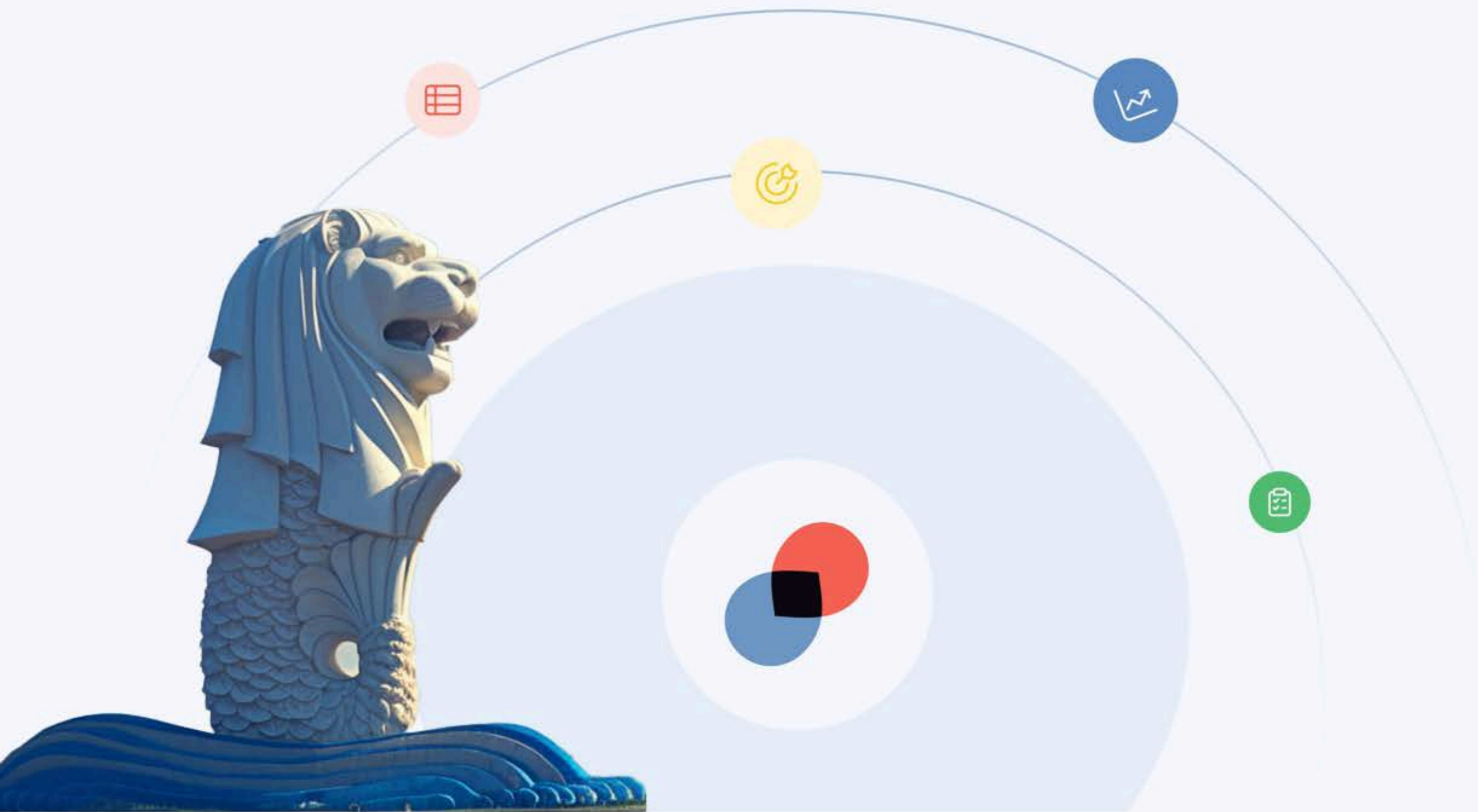
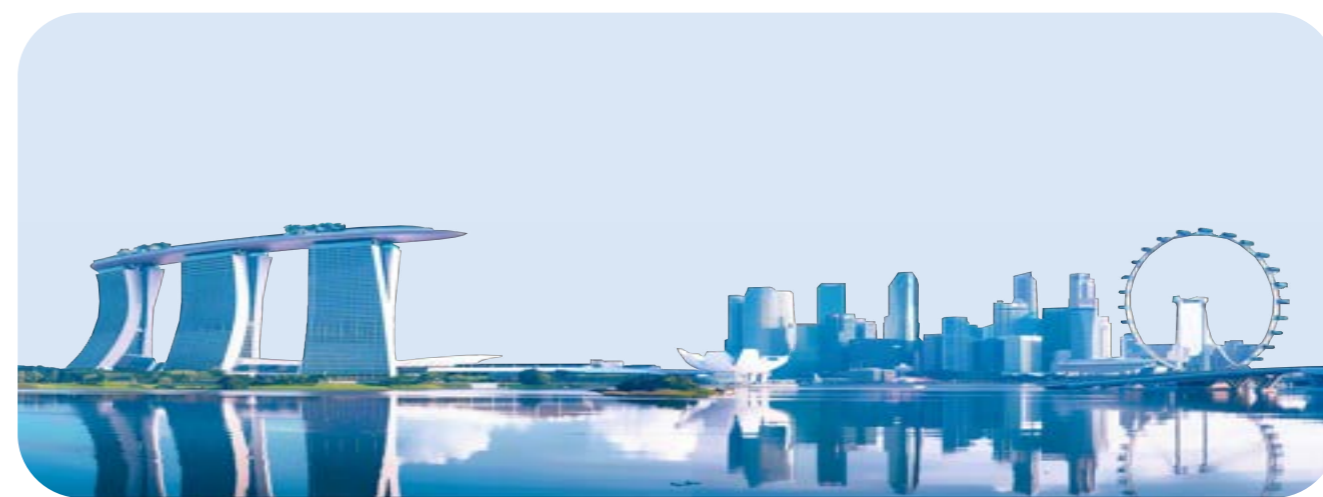
A government scheme that provides compensation to employees who suffer work-related injuries or diseases.



### **Central Provident Fund (CPF)**

A mandatory social security savings scheme funded by contributions from both employers and employees.

It is a key pillar of Singapore's social security system that serves to meet retirement, housing, and healthcare needs.



# Employment Process in the Singapore

## Job description

To kickstart your process of hiring foreigners in Singapore, it's important to create a clear job description. This serves as a roadmap for both employers and potential candidates, outlining expectations, [job scope](#), and requirements for the position.

## Screening and selection

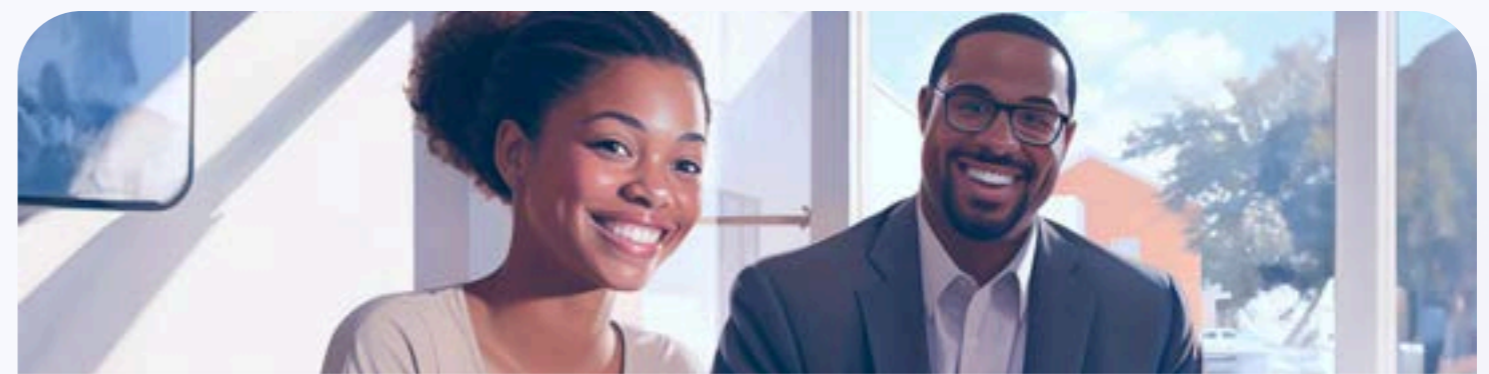
During a [screening interview](#) when hiring in Singapore, HR will review candidates' resumes and prepare questions tailored to the role's requirements.

Instead of asking typical questions, consider posing situational inquiries that prompt examples of problem-solving, teamwork, and [leadership qualities](#).

## Job offers

When hiring foreigners in Singapore, it is important to draft a comprehensive offer letter outlining the job title, salary, benefits, start date, and any contingencies. Include clear instructions for accepting the offer.

Have legal counsel review the materials to ensure compliance with relevant regulations and mitigate legal risks.



Read next

 9 min read

**[Build Impactful Teams: 10 Google Interview Questions to Inspire Your Hiring Process](#)**

Once everything looks good, communicate offer details clearly and promptly, allowing room for negotiation within reasonable boundaries.

Maintain transparency throughout the process to build trust with the candidate.





# Onboarding and Compliance in Singapore

## 📋 Compliance

HR professionals in Singapore must comply with the Employment Act as mentioned previously. They also need to ensure compliance with Singapore's work permit and visa requirements for foreign hires. Different types of work passes, such as EP and S Passes, have specific eligibility criteria and application processes.

Employee benefits, such as healthcare coverage, CPF contributions, and statutory leave, should comply with Singaporean regulations. It's important to keep up with these laws as they are regularly updated.

Fair employment practices must be followed to [prevent discrimination](#) based on race, gender, religion, or nationality.

Additionally, maintaining accurate records of all hiring-related documents, including job descriptions, resumes, interview notes, and employment contracts, is essential for showcasing compliance with legal requirements and facilitating audits if necessary.

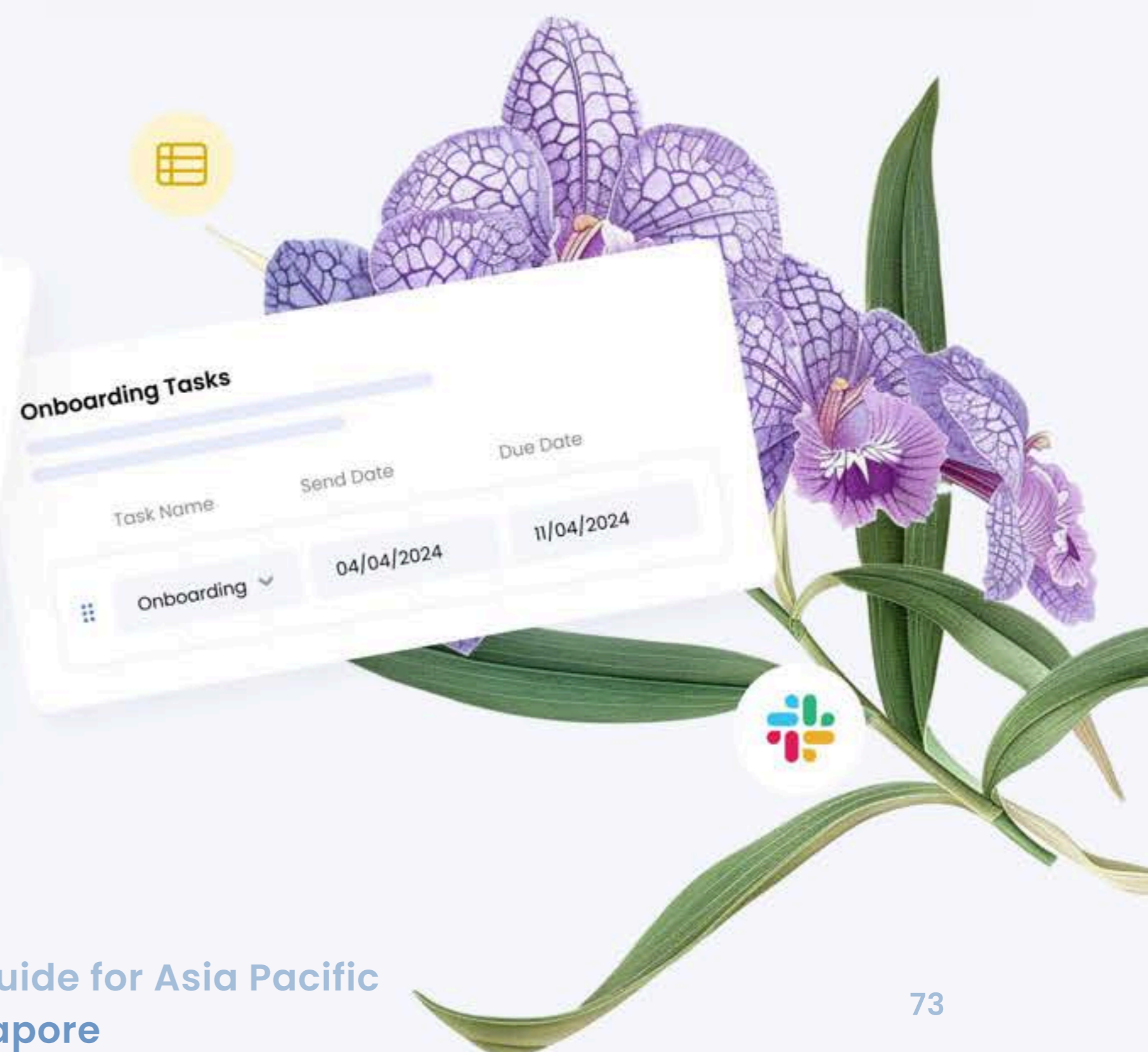
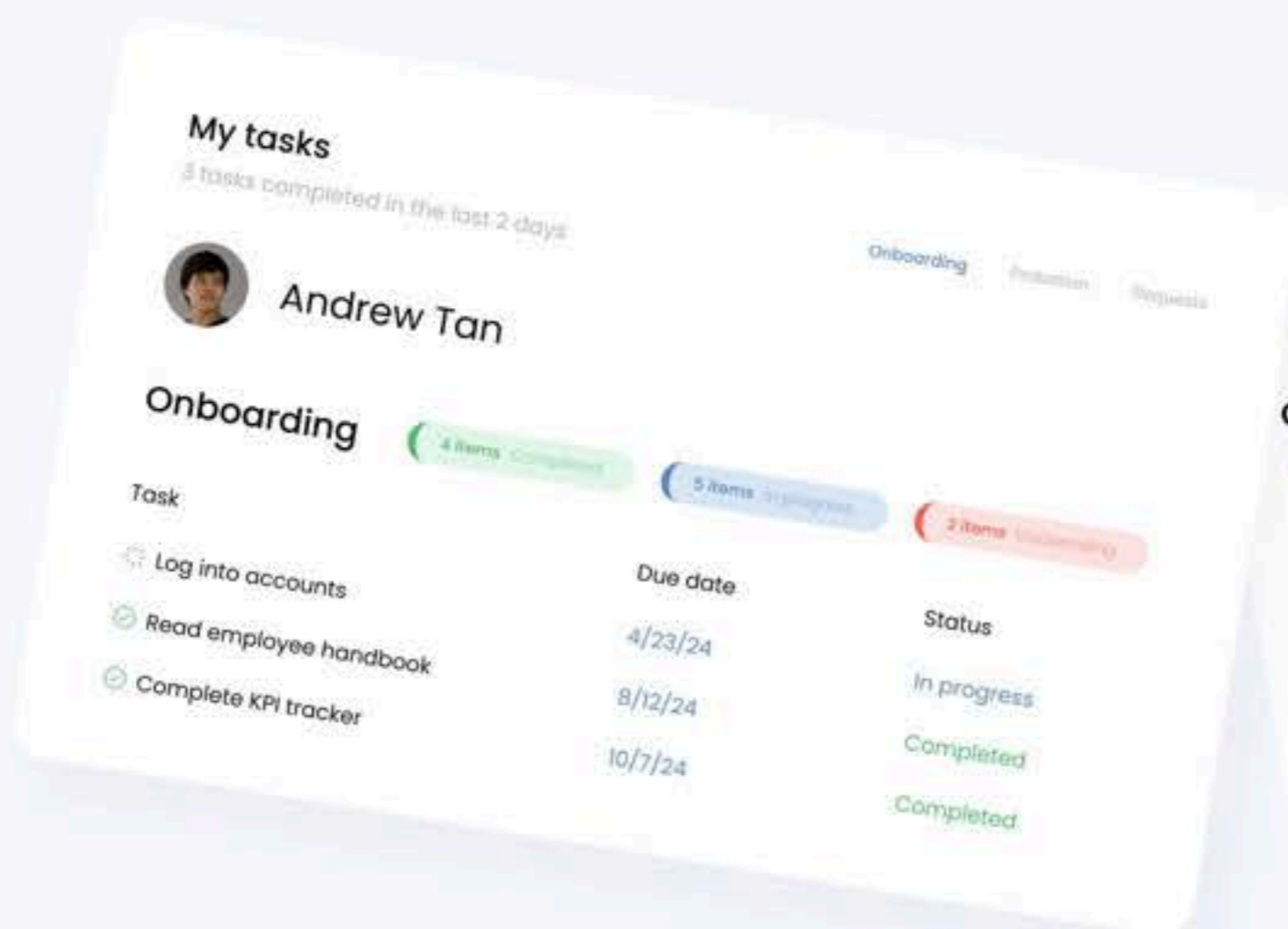
## 📄 Employment contracts

Craft an employment contract that complies with Singaporean laws and reflects the agreed-upon terms, covering probationary periods, notice periods, termination conditions, and confidentiality agreements.

Read next

⌚ 6 min read

### [What to Include in an Employment Contract](#)



## ☞ Employment pass system

[The Employment Pass \(EP\) system](#) is a work visa scheme designed to smoothen the process for organizations in Singapore hiring foreigners. It's designed for foreign professionals, including managers, executives, and specialists. It allows them to live and work in Singapore for a set period, typically one to two years, with the option to renew.



### Eligibility

Candidates must meet a two-stage eligibility framework to qualify for EP applications. They need to earn an EP-qualifying salary, which is **S\$5,600** for most sectors and **S\$6,200** for the financial services sector. Additionally, they must pass the [complementarity assessment framework \(COMPASS\)](#) and score at least 40 points based on salary, qualifications, diversity, and support for local employment.



### Validity period

Employment passes are typically issued for one to two years, depending on qualifications, job role, and the employer's track record.

Renewal is subject to continued employment and meeting eligibility criteria.



### Minimum salary requirements

The Singaporean government sets minimum salary thresholds for different Employment Pass categories. These thresholds are regularly reviewed to ensure competitive salaries based on skills and experience.



### Employer sponsorship

An Employment Pass application must be sponsored by a registered Singaporean employer.

Employers are responsible for submitting EP applications and ensuring compliance with immigration regulations.

## ☞ Induction training

When it comes to [how to welcome new employees](#), it's all about making them feel like part of the family from the get-go by [delivering the best onboarding experience](#). Start by introducing them to the company culture, values, and key team members. Provide thorough training on essential tools, systems, and processes relevant to their role to ensure they can contribute effectively from the start. To prevent new employees from feeling left out or isolated, pairing them with a mentor or buddy can facilitate integration into the team and provide ongoing support.

To prevent new employees from feeling left out or isolated, pairing them with a mentor or buddy can facilitate integration into the team and provide ongoing support. Encourage open communication and feedback to address any questions or concerns they may have. [Celebrate their successes and milestones](#) to foster a sense of belonging within the organization.

**Free Onboarding Kit!**

[Download Now](#)





# Managing Your Employment in Singapore


# 04

When it comes to Singapore employment management, you need to ensure compliance with local labor laws and maintain a positive workplace environment and optimize productivity. Here are some key areas to focus on:

## Payroll and benefits

 **Compliance with regulations**  
Ensure that payroll processes comply with Singapore's employment laws and relevant regulations.

 **Benefit administration**  
Effectively manage various benefits such as medical insurance, CPF, and any other fringe benefits offered.

 **Accurate wage calculations**  
It's important to calculate wages, allowances, and deductions correctly, considering factors mentioned above like overtime, public holidays, and CPF contributions.

 **Tax compliance**  
Ensure that all necessary tax deductions and filings are made in accordance with Singapore tax laws.

## Leave management

**1 Leave entitlements**  
Understand and implement leave policies, including annual leave, sick leave, [maternity leave](#) and paternity leave.

**2 Leave tracking**  
Maintain accurate records of employee leave to ensure compliance and prevent misuse.

**3 Leave approval process**  
Establish clear procedures for requesting and approving leave, considering factors like workload and operational requirements.



## ☞ Performance management

- 1 **Performance reviews:** Conduct regular [performance reviews](#) to assess employee performance, identify areas of improvement, and [reward achievements](#).
- 2 **Performance improvement plans:** Implement [performance improvement plans](#) for employees who require additional support or training.
- 3 **Regular feedback:** Provide constructive feedback and coaching to help employees develop and [improve performance](#).

## ☞ Employee relations

- 1 **Cultural sensitivity:** When hiring foreigners in Singapore, it's important to recognize and respect cultural differences to create an inclusive and welcoming workplace environment.
- 2 **Employee engagement:** Implement initiatives to enhance [employee engagement](#), satisfaction, and loyalty.
- 3 **Conflict resolution:** Develop effective strategies for resolving workplace disputes and conflicts.

## ☞ Ongoing Compliance

Maintaining compliance post-hiring in Singapore requires staying updated with labor laws and regulations. Start by establishing clear policies and procedures that align with local legislation, covering areas like employee contracts, working hours, leave entitlements, and workplace safety. Regular audits and reviews of these policies help identify any gaps or updates needed.

Providing continuous training and education on compliance for employees and managers is also critical to maintaining adherence to regulations.

Staying connected with legal experts or consultants who specialize in Singaporean labor laws can provide additional support in navigating any compliance challenges that may arise.

For a detailed guide on compliance areas to monitor, refer to our [2024 HR compliance checklist!](#)



# Taxes and Contributions in Singapore

# 05

## Employer obligations

- **Central Provident Fund (CPF)**

Employers are obligated to contribute a portion of their employees' salaries to the CPF. The contribution rates vary depending on the age of the employee.

Here's a breakdown of the CPF contribution rates for 2023:

CPF contribution rates for 2023	
Age group	Employer contribution rate
55 and below	20%
55 to 60	13.67%
60 to 65	7.33%
65 and above	0%



Contribution rates may be adjusted periodically based on economic conditions. Employers are also responsible for submitting monthly CPF contributions reports to the CPF board.

- **Foreign Worker Levy**

Employers are required to pay a levy for each foreign worker they employ, based on the worker's nationality and occupation. Employers must also ensure that they are paying the correct levy and that their foreign workers have valid work permits.

- **MediShield Life**

Employers must ensure that all employees are covered by [MediShield Life](#). Employers may also be required to contribute to their employees' MediShield Life premiums, depending on the company's size and the employees' income. Last but not least, employers must ensure that employees are enrolled in MediShield Life and required contributions are made in a timely manner.



- **SkillsFuture Credit**

Employers can choose to support their employees' skills development by contributing to their [SkillsFuture Credit](#) through the Top-Up scheme.

## **Employee obligations**

- **Income Tax**

Singapore adopts a progressive income tax system, and employees are required to file income tax returns every year.

Here are the income tax rates for the year of assessment 2023/2024:

Income tax rates for 2023/2024	
Total income (SGD)	Tax rate
First 30,000	0%
Next 30,000	2%
Next 40,000	5%
Next 60,000	10%
Next 100,000	15%
Next 100,000	20%
Excess over 420,000	22%



[Read next](#)

 10 min read

[Employer's Manual for Taxation in Singapore](#)



- **Central Provident Fund (CPF)**

Employees must contribute a portion of their salary to the CPF as per regulations.

Rates may vary depending on age as per below:

CPF contribution rates	
Age group	Employer contribution rate
55 and below	20%
55 to 60	20%
60 to 65	20%
65 and above	20%

- **MediShield Life**

Employees are automatically enrolled in MediShield Life but may need to pay premiums, depending on their income.

Employees may also consider purchasing supplementary insurance to enhance their healthcare coverage beyond MediShield Life.




## In This Chapter:

 Understanding The Labor Market

 Hiring Foreign Workers

 Taxes & Contributions

 Process For Recruiting

 Managing Your Workforce

Taiwan 





# Understanding the Labor Market in Taiwan

# 01

Taiwan boasts of qualified manpower with a strategic location, giving businesses better access to greater talent from across the globe. For companies looking at expanding into Asia, the talent pool in Taiwan can be quite significant for industries like electronics, manufacturing, services, and more. This is what makes Taiwan this ideal spot for global hiring and expansion.

To ensure a compliant Taiwan hiring process, we must first understand its labor laws, minimum wage standards, working hours, and social security system. Alternatively, you can hire an EOR to assist with your Taiwan hiring.

## Labor laws

For Taiwan hiring, labor laws exist to protect the rights of employees and ensure equity within the workplace. The main law governing employment relationships is the Labor Standards Act, with primary issues related to wages, working hours, and leave.

For example, it provides for the necessity of written contracts, regulation over overtime pay, and even stipulates the procedures pertaining to termination. It becomes very important to know such laws to achieve compliance and maintain good workplace relations.

## Minimum wage

In 2023, the minimum wage order for Taiwan was **TWD 26,400 per month** or **TWD 176 per hour**. The rates are, however, subject to periodic review, whereby the government may adjust them to reflect the economic conditions prevailing from time to time.

In Taiwan hiring, the employer ensures that all their employees receive at least the minimum wage to act as a benchmark for fairly compensating them.



Read next

 7 min read

### [Global Employer of Record Guide: Taiwan](#)

For instance, if you hire part-time workers, you are supposed to calculate your employee wages based on the hourly minimum wages in observance of the law.





## Working hours

Normal working hours in Taiwan are 8 hours a day and **40 hours a week**. Work time exceeding these hours constitutes overtime work and shall be paid as such. The employer is obliged to provide at least one day off every seven days.

To explain further, for example, working for 48 hours in one week, the time extended over and above the normal time should be remunerated as overtime, mostly at 1.33 times the normal pay per hour for the first two hours and 1.66 times thereafter.



## Social Security

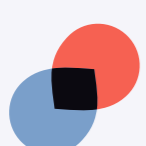
Taiwan hiring, for example, requires that compulsory social securities are complemented by the employer and employee, including **NHI** and **Labor Insurance**.

This includes comprehensive health coverage such as NHI and labor insurance on maternity leave, unemployment, and occupational injury compensation. If an employee happens to get injured on the job, labor insurance covers essential medical care and provides support while he or she recovers.



[Learn More](#)

[Labor insurance in Taiwan](#)



# Employment Process in the Taiwan

# 02

Here are the major steps that you need to account for in your Taiwan hiring process to ensure that you attract and secure the best talent:

## Job description

Writing a clear and detailed job description is the first step towards effective Taiwan hiring. A job description includes responsibilities, qualifications, and skills. If you are hiring a software engineer, you can list the programming languages they must know and the technologies they must be familiar with, besides stating the relevant experience.

## Recruitment channels

Next, you need to choose the right [recruitment](#) channels in order to reach potential candidates. In Taiwan, favorite channels include online job portals such as [104 Job Bank](#) and recruitment agencies specialized in specific industries.

## Screening and selection

As applicants start applying, your screening and selection process begins. All of which includes looking at resumes and cover letters to shortlist candidates who fit the job description.

You can also conduct initial [screening interviews](#) to find out whether or not they have the required skill, experience, and cultural fit.

You may want to use one or more of the following: phone, video, or in-person interviews. For instance, you could have an initial phone interview to check for interest and basic qualifications, followed by either a technical test or an in-person interview.

## Job offers

When the ideal candidate has been selected, make a job offer with details of remuneration, [benefits involved](#), and other conditions of employment. Ensure that the job offer is at least at the minimum wage level, inclusive of statutory benefits as per Taiwanese labor law.

Be prepared to negotiate, as candidates may seek clarification or have other requests for compensation or working conditions. Once a mutually agreed position has been reached, you can then formalize the offer in an [employment contract](#).



# Onboarding and Compliance in Taiwan

# 03

Hiring foreign workers in Taiwan requires some processes to ensure that it is compliant and [the onboarding process](#) is smooth. Specifically, here is how to go about it in detail:

## Employment contracts

Draw up an employment agreement detailing the conditions. This should include job descriptions, pay, fringe benefits, and severance packages, and it should be in compliance with Taiwanese labor laws. It also needs to be provided in both English and Mandarin to avoid ambiguity.

## Work permits

Every foreign worker employed in Taiwan needs a [work permit](#) to work legally. Normally, the employer will take care of this for the worker by lodging the necessary documents with the [Ministry of Labor](#). The paperwork includes verification of employee qualifications and a job description outlining duties.

For Taiwan hiring, you should do this in advance, as a work permit could take weeks to be processed and approved. Make sure all the paperwork is accurate, as this may also cause delays.

## Social Security registration

After issuance of the work permit, the foreign employee will then be enrolled in social security programs, such as National Health Insurance (NHI) and Labor Insurance. These are jointly contributed to by employers and employees and provide the required benefits to the workers, including health care and unemployment insurance according to regulations for Taiwan hiring.

It is mandatory and should be carried out without any delay to ensure that the employee gets covered from the date of commencement.

## Induction training

[Induction training](#) can help new hires get oriented with your company and [workplace culture](#). Resources or mentorship should also be provided to ensure they are engaged and supported from day one. It's also important to take note of cultural differences and sensitivity when hiring foreign workers in Taiwan. For example, communication styles and business etiquette in Taiwan may be different compared to existing employees.



# Managing Your Workforce in Taiwan

# 04

Taiwan hiring isn't just limited to getting [employees onboarded](#). It's also about effectively managing and engaging them throughout the [employee lifecycle](#).

## 💰 Payroll and benefits

When it comes to Taiwan payroll, it's important to be aware of the local laws regarding payment dates, tax deductions, and statutory benefits for the employees. Taiwan payroll is computed based on the wages earned by employees with overtime and bonuses factored in.

Benefits generally include health insurance and pension fund contributions under the NHI and Labor Insurance programs.

Compliance with these requirements is essential to ensure that the company is staying compliant while [managing payroll](#).

Alternatively, an EOR is a good alternative as they provide Taiwan payroll services to ensure a seamless and compliant payroll process every time.

## 💰 Leave management

Managing your workforce in Taiwan also includes proper leave management, which includes:

### 1 [Annual leave](#)

Annual leave in Taiwan normally depends on the length of service, mostly starting with seven days for the first year.

### 2 [Public holidays](#)

Public holidays according to the government must also be put into consideration, and employers need to accommodate this in their staffing.

### 3 [Sick and parental leave](#)

Leaves for sickness are possible, but most policies require submission of medical certificates. Parental leave also [helps parents to be with the children](#) and encourage work-life balance.

### 4 [Maternity and paternity leave](#)

In Taiwan, maternity leave is generally eight weeks, while paternity leave is typically five days. Businesses that have these policies can show their employees they care for their [well-being](#).



## ☞ Performance management

The [performances of employees](#) in Taiwan hiring are normally managed by setting appropriate goals, effective and frequent feedback, [OKRs](#), and appraisal of performance.

This will help the managers in figuring out areas of achievement and improvement.

A well-structured and executed performance management system will help achieve greater output and also delight employees.



Read Next

⌚ 7 min read

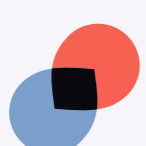
### [12 Employee Recognition Examples to Keep Your Team Engaged All Year](#)

## ☞ Employee relations

Having good employee relationships will help your workers coexist within the workplace in harmony. It can be achieved by facilitating open communication, resolving conflicts, and encouraging employees to be supportive of one another. Also, encouraging feedback and addressing concerns promptly can reduce turnover and boost [employee morale](#).

## ☞ Ongoing Compliance

Like any other business, you will need to learn and comply with all labor legislation in Taiwan hiring if you're setting up your business there. Observing all the employment contracts, hours of working, as well as the rights of employees, the policies and procedures will be constantly reviewed to help with [compliance to current laws](#) so some of the legal hassles can be avoided.



# Taxes and Contributions

# 05

Taxes and contributions for Taiwan hiring are both an employer and employee responsibility.

## 📷 Employer obligations

- **Labor insurance contributions**

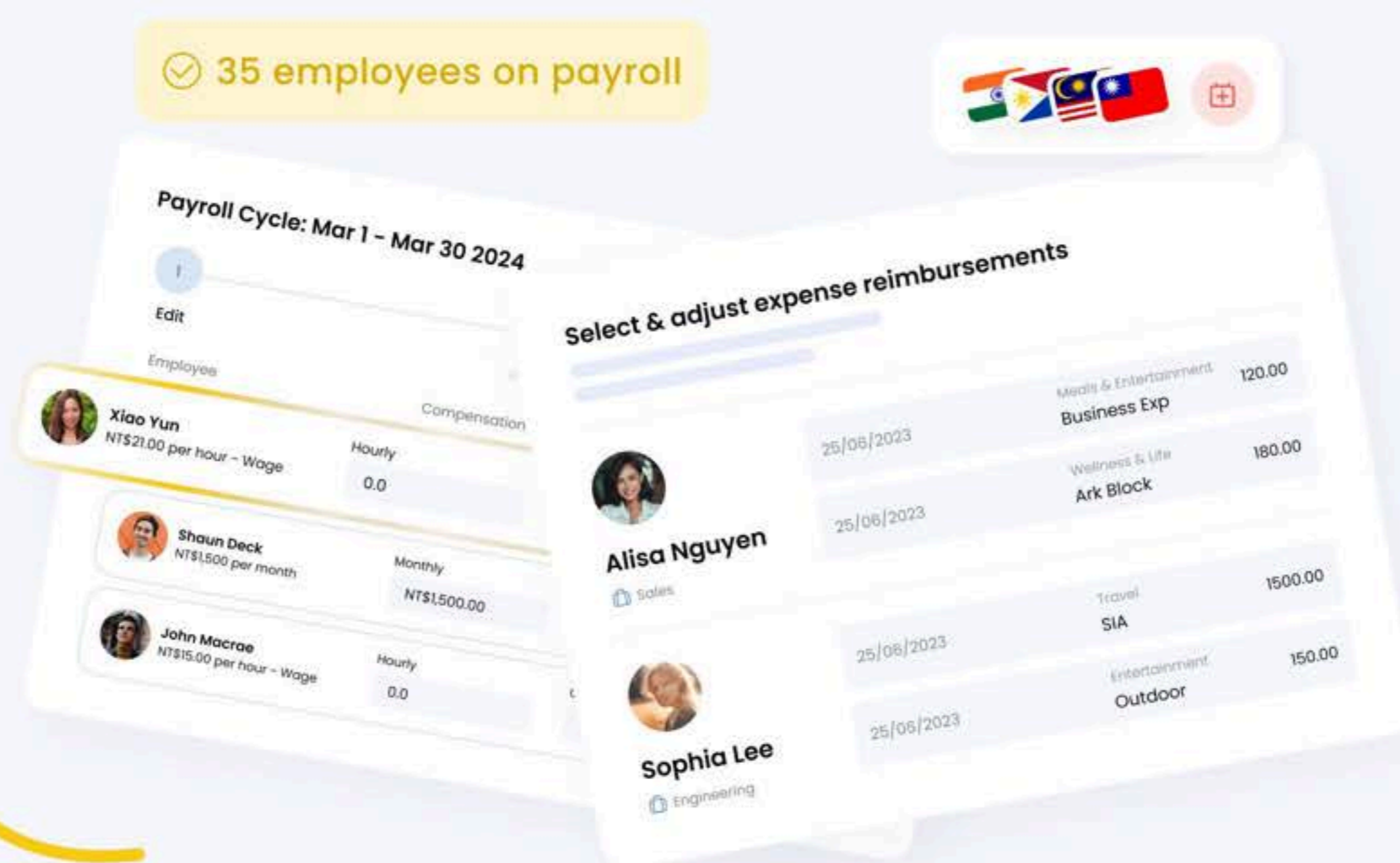
Employers must pay labor insurance contributions to pay for benefits, including occupational injury, maternity and unemployment. This is paid as a percentage of the employee's salary, which is compulsorily paid according to Taiwan hiring laws.

- **National health insurance contributions**

The employers are also expected to contribute to the NHI program, a healthcare coverage for all employees. This is jointly contributed by the employer, employee, and government.

- **Employment insurance contributions**

Employment insurance is also one of the compulsorily paid benefits, which provides unemployment benefits to the employees. It requires the contribution of the employer to be entitled to unemployment benefits for the employee during no employment periods.



- **Tax compliance**

When it comes to Taiwan hiring, employers have tax compliance duties, which include:



### Payroll processing

It is the responsibility of the employer to process Taiwan payroll with correct wage calculation, taxes, and contributions.



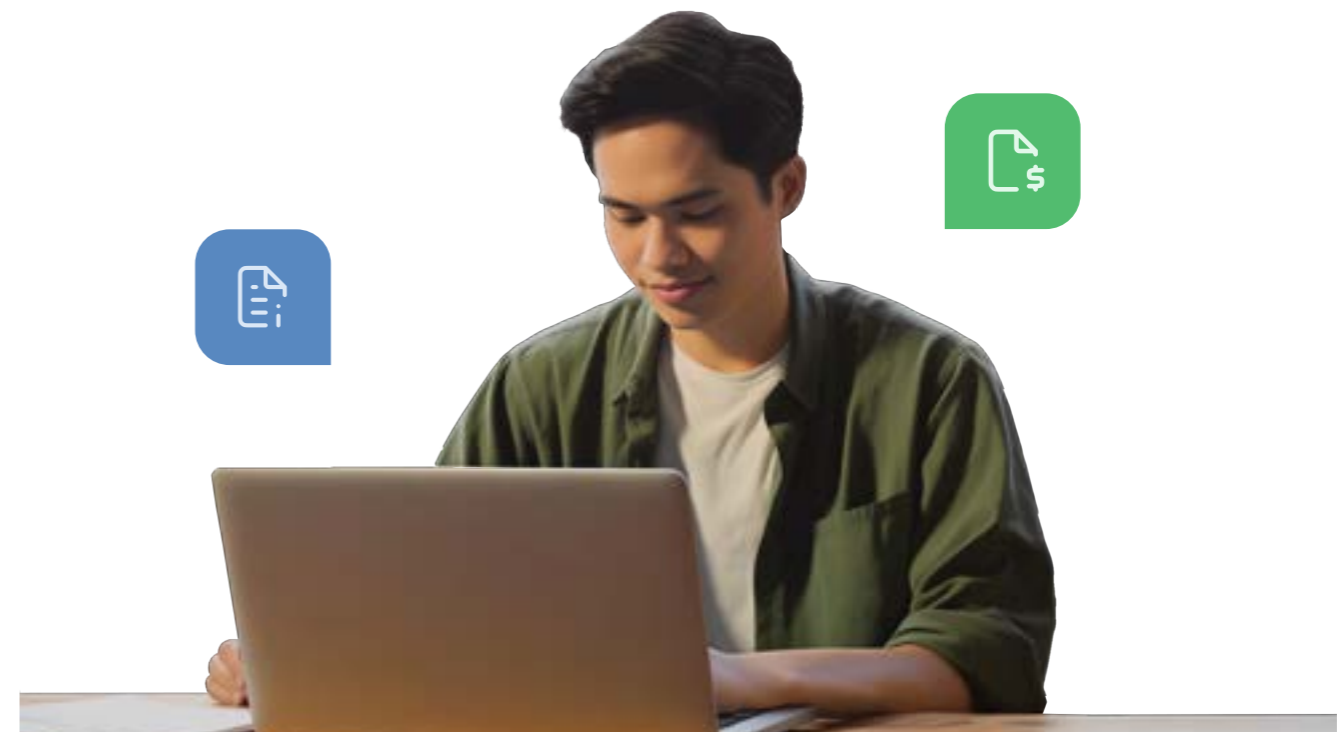
### Record keeping

All **payroll** transactions and employee contributions are also expected to be kept accurately by employers for auditing purposes.



### Tax filing

Taxes filed by the employers on behalf of employees should be ensured to include all the contributions and withholdings correctly with proper documentation.



## Employee obligations

- **Income tax**

As a rule in Taiwan hiring, employees are required to pay income taxes, which the employer is required to withhold from the employee's salary. The rate will differ for each employee, depending on his or her income and personal situation.

According to [PWC](#), the individual income tax in Taiwan is:

Income taxes for Taiwan	
Taxable Income (TWD)	Tax Rate (%)
0 - 560,000	5%
560,001 - 1,260,000	12%
1,260,001 - 2,520,000	20%
2,520,001 - 4,720,000	30%
Over 4,720,000	40%





- **Labor insurance contributions**

Employees also have labor insurance deducted from their salary. Labor insurance provides various benefits arising from maternity, injuries, and other situations. This is done automatically from the employer's end.




- **National health insurance contributions**

Taiwanese employees also contribute to the NHI through shared payments with their employer for assured access to health care services.

- **Employment insurance contributions**

A portion of the employee's remuneration contributes to the employment insurance scheme, so they get to enjoy financial support when unemployed.

## Manage your **global** workforce with Omni

-  Transparent pricing
-  No hidden fees
-  Fastest implementation on the market!

[Book A Demo](#)

[Start Free Trial](#)



## In This Chapter:

 Understanding The Labor Market

 Hiring Foreign Workers

 Taxes & Contributions

 Process For Recruiting

 Managing Your Workforce

# Thailand



# Understanding the Labor Market in Thailand

# 01

Thailand offers immense potential for global expansion. The country boasts a stable business environment and a skilled workforce with expertise across various fields, including digital marketing, software development, and IT. It's no wonder [Thailand's employment rate in 2023 was as high as 99%](#), and the country's economy grew from 1.6% in the first quarter to 2.3% in the second quarter of 2024, [as McKinsey reports](#).

For efficient recruitment in Thailand, you must understand these aspects of the Thai labor market:

## Labor laws

The [Labour Protection Act B.E. 2541 \(1998\)](#) and its subsequent amendments govern recruitment in Thailand, protecting employees from unfavorable working conditions. It covers stringent regulations regarding employment contracts, working hours, work permits, overtime, salaries, and [benefits administration](#). Understanding these laws is crucial to achieving compliance and preventing legal issues during employment in Thailand.

## Minimum wage

[Thailand's minimum wage](#) differs across provinces. At the moment, the daily minimum wage ranges from **328 baht** in the provinces of Narathiwat, Yala and Pattani to **354 baht** in the provinces of Phuket, Rayong and Chonburi. However, the [Thai government has announced plans](#) to increase the daily minimum wage to **400 baht** from October 2024.

## Working hours

During recruitment in Thailand, the working hours are **48 hours per week**. That is, eight hours daily, six days a week. However, for hazardous jobs, the maximum working hours are seven hours per day and **42 hours per week**. Thai employees are also entitled to one hour of rest after every five working hours and one day off weekly.

Any extra working hours beyond the standard eight on a regular workday must be compensated at **150%** of the employee's hourly wage.

Overtime cannot exceed 36 hours per week; the compensation depends on the days the employee works overtime.

For instance, work of up to eight hours during a holiday or rest day is paid at **200%** of the regular hourly rate, and any extra hours worked during a public holiday are compensated at **300%** of the standard hourly rate.





## Social Security

Employers must register their employees with the **Workmen Compensation** and **Social Security Fund (SSF)**, which covers employees during retirement, unemployment, injury, illness, maternity and paternity leave, disability, and death.

As part of **Thailand's payroll** requirements, employees and employers must contribute 5% of their income (**capped at 875 baht per month**) to the Social Security Fund on the 15th of the following month.

When hiring new employees during recruitment in Thailand, register them if they've never gotten a social security card. If the new hire already has a social security card, the law still requires you to submit the list of insured persons who join your company to the Social Security office.



# Employment Process in the Thailand

Recruitment in Thailand first begins with setting up a legal entity and registering with local authorities or hiring an [employer of record in Thailand](#) to employ workers on your company's behalf. Generally, it involves sharing job descriptions on recruitment channels, screening applicants, and offering the best candidate a job:

## 📄 Job description

Every recruitment in Thailand begins by identifying the need for a [new hire](#). This involves creating a clear job description that spells out the required skills, qualifications, and responsibilities for the role. Additionally, include your competitive salary in the description, as it helps attract and convince the best candidates to apply.

## 📡 Recruitment channels

Once you've created or updated the job description for employment in Thailand, post it on job boards, such as [JobsDB.com](#), [Jobthai.com](#), [Indeed](#), and [JobTopGun](#). Posting on these job boards during recruitment in Thailand is sometimes free or charged per post.

Besides job boards, employers use other channels to reach potential candidates when hiring foreign workers in Thailand. These include social media such as [LinkedIn](#), recruitment agencies and partnering with universities.

## 🔍 Screening and selection

Sift through resumes, cover letters, and answers to questions depending on the application specifications for employment in Thailand. This is essential to determine the candidates who meet the qualifications and experience requirements of the role.



Learn More

⌚ 9 min read

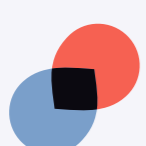
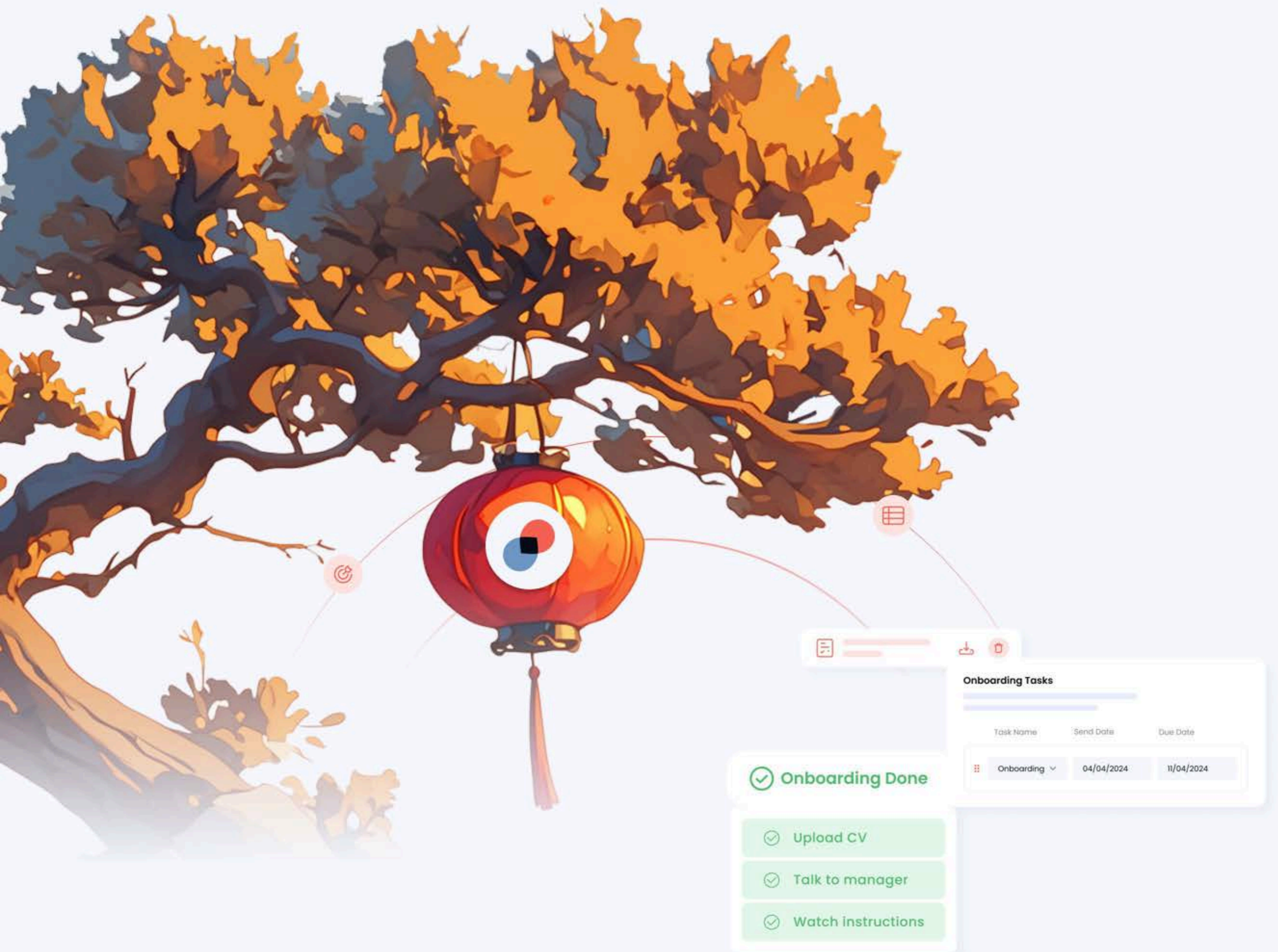
### 10 Key Metrics to Measure in Your Recruitment Process

Also, [screening interviews](#) should be scheduled online, in person, or via phone calls to assess their communication skills, work experience, salary expectations, and suitability for the role.



## Job offers

Once you've selected a candidate, send them an offer letter covering vital employment in Thailand, including work hours, salary, and benefits. Candidates may negotiate for higher pay, additional benefits, or **flexible working conditions** if they aren't satisfied with your offer.



# Onboarding and Compliance in Thailand

# 03

Proper employee onboarding and compliance are vital to successful employment in Thailand. They make hiring foreign workers in Thailand seamless and compliant.

## 📄 Employment contracts

Thailand's employment legislation allows for fixed-term and permanent contracts, whether verbal or written. The contract must abide by the Labor Protection Act and specify employment terms, including job scope, working hours, start dates, compensation, benefits, rest days, notice periods, and termination policies.

Drafting these agreements in Thai and English will help avoid misinterpretation during recruitment in Thailand. Although preparing an employment contract is not compulsory for recruitment in Thailand, it protects both the employee and employer from potential legal disputes. In such cases, the Thai legal system often favors the employee if a clearly defined contract is not in place.

## 📄 Work permits for foreign employees

Hiring foreign workers in Thailand requires securing them a valid visa (Non-Immigrant 'B' or Business Visa) and a work permit in Thailand. To apply for a work permit, the following documents must be submitted to the Immigration Bureau and Department of Employment:

- 1 Work permit application form
- 2 Six photographs
- 3 Original education certificates
- 4 Letter of employment from the company
- 5 A recent medical certificate from a recognized hospital in Thailand to prove the applicant doesn't suffer from drug addiction, alcoholism, mental illnesses, leprosy, tuberculosis, elephantiasis, and syphilis.
- 6 VAT certificate
- 7 Work records and certificates of employment from previous employers
- 8 Commercial Registration Department certificate showing the name of the company's managing director, its objectives, and registered capital
- 9 Shareholder's list certified by the Commercial Registration Department
- 10 Social Security payment filing
- 11 Financial statements and tax returns from the company

After submitting the documents, the work permit will be issued within **seven working days**.



## Social Security registration

Register local and foreign employees legally employed in Thailand with the social security office after recruitment in Thailand. Both employers and employees must contribute 5% of their income to the Social Security Fund monthly.

## Induction training

During recruitment in Thailand, new hires should go through the [onboarding process](#), which includes a thorough orientation and training about your [company culture](#), policies, tools, and processes.

The training should also cover their job expectations, responsibilities, and performance metrics. This induction helps new employees settle into their roles and align with company goals.






Read Next

 7 min read

### [Which Employee Onboarding Software is Right for Your Team?](#)

## Get in touch with our HR experts today

-  Transparent pricing
-  No hidden fees
-  Fastest implementation on the market!

[Book A Demo](#)

[Start Free Trial](#)



**Payroll Cycle: Mar 1 - Mar 30 2024**

1 Edit 2 Review

Employee	Compensation
 <b>Lina Suthida</b> Bangkok, Thailand	Hourly 0.0
 <b>Shaun Deck</b> Singapore, Singapore	Monthly \$1,500.00
 <b>John Macrae</b> Bangkok, Thailand	Hourly 0.0







# Managing Your Workforce in Thailand

# 04

## 💰 Thailand payroll and benefits

After [onboarding your employees](#) for employment in Thailand, set up [Thailand payroll](#) and prepare monthly payslips in Thai Baht. Choose a payroll system compliant with labor laws and your company policy, then assign workers Tax Identification Numbers (TINs) and withhold tax,

insurance contributions, and other mandatory deductions.

Thai employee benefits include health insurance, pension and child allowance, unemployment insurance, and workmen's compensation.

## 💰 Leave management

During employment in Thailand, Thai employees who have worked continuously for a year are entitled to six days of [annual leave](#). However, some competitive employers offer workers 10 to 15 days of paid vacation yearly. Depending on the employer and employee agreement, employees can accumulate or carry their leave forward.

Besides annual leave, Thai employees are legally entitled to other types of leave, including:

### 1 Maternity leave

Employment in Thailand offers pregnant workers 98 days of maternity leave. The employer pays for the first 45 days while the government pays for the remaining period through the social security fund at 50% of the regular salary rate.

### 2 Paternity leave

Thai government employees are entitled to 15 days of paid paternity leave each year during recruitment in Thailand. However, private employees don't have provisions for paternity leave.

### 3 Public holidays

Thai workers are entitled to at least 13 mandatory public holidays each year.

### 4 Sick leave

Employees are entitled to 30 paid sick days each year for recruitment in Thailand. The employee must show a medical certificate if the leave exceeds three days.





Additional resources

7 min read

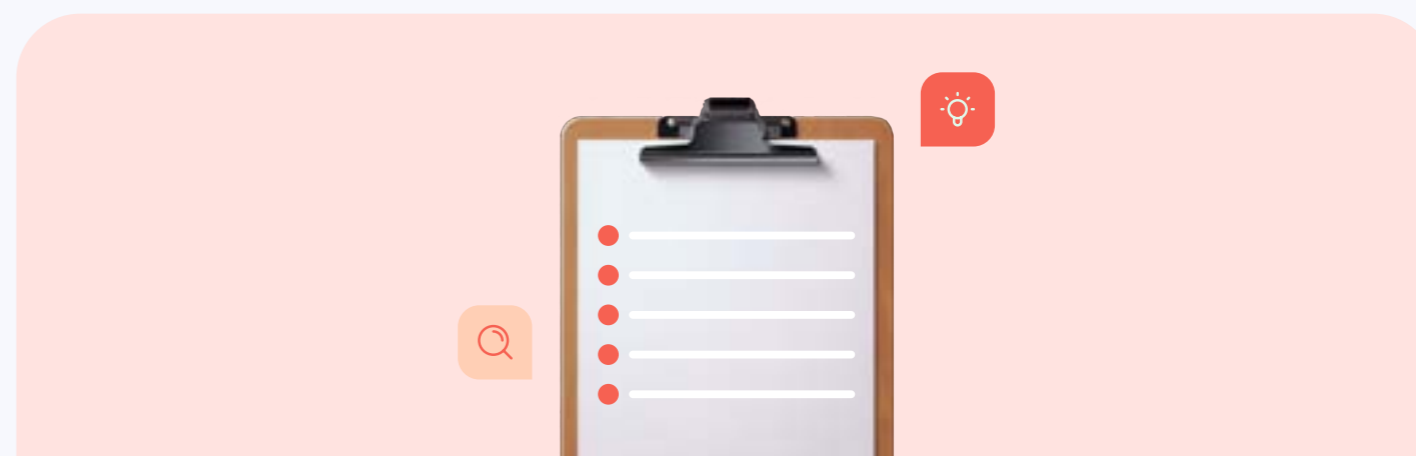
## HR's Guide to Employee Leave Management

### Performance management

Employment in Thailand requires monitoring and reviewing employee performance to ensure they are meeting expectations.

This involves **setting goals**, evaluating performance, conducting annual or mid-year reviews, giving continuous feedback, and offering mentorship and training.

These activities boost employee productivity and **improve performance** in the long run.



Read Next

9 min read

## 6 Tips for Managers to Improve Your Next Employee Work Review

### Employee relations

It's one thing to hire workers. It's another to ensure your workforce remains satisfied throughout their stay in your company. That's where employee relations become imperative. They help create and maintain a positive working relationship between your company and its workers during recruitment in Thailand. Establishing working employee relations inspires **employee engagement**, work-life balance, and loyalty.

### Compliance

Ensure every team member understands and complies with Thai employment regulations, including fair compensation, proper working hours, taxation, data protection, intellectual property rights, annual auditing, and employee benefits. Compliance ensures smooth operations and prevents legal issues during employment in Thailand.



# Taxes and Contributions in Thailand

# 05

Employment in Thailand also involves paying taxes. The corporate tax rate is 20% of the employee's salary. Understanding the tax obligations of both employers and employees is crucial when hiring foreign workers in Thailand.

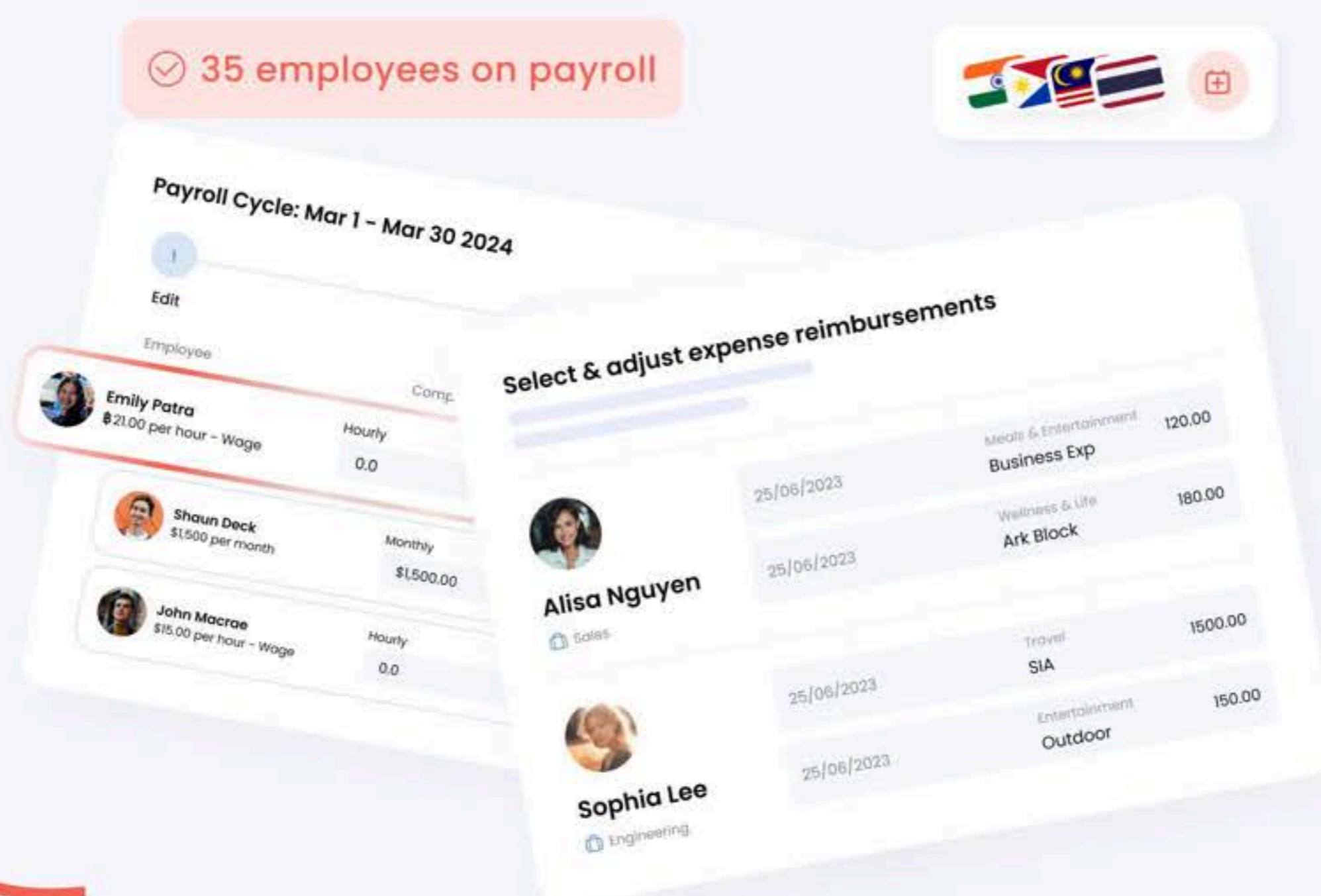
## Employer obligations

- Enroll them in benefits and social security contributions

During recruitment in Thailand, register local and foreign workers in the benefits packages and social security contributions. As an employer, you must deduct social security from the employee's salary each month and submit it to the Social Security office by the 15th of the following month. For instance, all contributions for October must be paid by November 15th.

- Provident fund contributions (PF)

The **Provident Fund** is a voluntary retirement savings plan that offers a financial cushion to retired employees. Contributions typically range from 2% to 15% of an employee's salary. Employers are expected to make deductions on employees' behalf. Though not compulsory, setting up a provident fund helps attract and retain employees, providing additional monetary support upon retirement.



- **Tax compliance**

Withholding and remitting employee income tax is mandatory for compliance during employment in Thailand. For successful taxation, ensure the following:



### **Payroll processing**

Using HR software eliminates payroll errors and ensures accuracy throughout the [payroll process](#). These tools automate deductions, provide correct calculations, track work hours, and simplify your payroll workflow.



### **Tax filing**

During recruitment in Thailand, tax filing typically runs from 1 January to 31 March of the following year. If you earned income in 2024, you must file your tax return by 31 March 2025. Filing late can incur legal penalties and fines. You can file your tax return online via the [Revenue Department's e-filing system](#), the [RD Smart Tax mobile app](#), or paper forms.



### **Record keeping**

Proper record keeping is essential when handling Thailand payroll and taxation.

It prevents employee disputes, inaccurate calculations, and legal penalties.

Proper documentation also proves the accuracy and timeliness of tax filings during audits or inspections by government authorities and promotes transparency among teams.

Your tax records should contain employee information, salary, payment dates, allowances, benefits, and authorized deductions.



Failure to comply with these regulations can result in **penalties and interest on unpaid taxes and contributions**.





## Employee obligations

- **Income tax**

Thailand operates a progressive [income tax system](#) with tax rates ranging from **0%** to **35%**, depending on income levels.

Income tax in Thailand	
Taxable Income (THB)	Tax Rate (%)
0 - 150,000	0%
150,001 - 300,000	5%
300,001 - 500,000	10%
500,001 - 750,000	15%
750,001 - 1,000,000	20%
1,000,001 - 2,000,000	25%
2,000,001 - 5,000,000	30%
5,000,001 and above	35%

Considering the applicable tax rates, employers and payroll managers must calculate and deduct income taxes from employee earnings. The withheld tax must be remitted to the Revenue Department **by the 7th of the following month** with proper documentation and reporting.

- **Social Security contributions**

Workers on employment in Thailand must contribute to the [Social Security Fund](#) by paying 5% of their income on the 15th of every month. This fund covers them during unemployment, retirement, health issues, disability, maternity and paternity leave, or death.

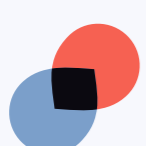
- **Provident fund contributions**

Employees can also contribute to a provident fund. It's an excellent way to save for retirement and lower tax bills simultaneously.

[Read Next](#)

7 min read

[Understanding Income Tax in Thailand](#)



## In This Chapter:



Understanding The Labor Market



Hiring Foreign Workers



Taxes & Contributions



Process For Recruiting



Managing Your Workforce

*Vietnam*  
**Vietnam** 



# Understanding the Labor Market in the Vietnam

# 01

Vietnam is one of Asia's most populous countries and a major economic power. It also holds for an attractive destination for businesses who wish to expand and for hiring foreign workers in Vietnam.

Hiring foreign workers in Vietnam begins with a comprehensive understanding of the local labor market. Vietnam offers a dynamic workforce, but there are important legal frameworks and standards that employers must adhere to.

## Labor laws

Established under the now amended [2021 Labor Code](#), these laws were introduced by the Vietnamese government as a way to navigate and regulate the relationship between employers and employees, ensuring fair treatment, safety, and equitable working conditions.

The labor code addresses a variety of issues such as minimum wage, working hours,

child labor, workplace safety, anti-discrimination practices, and the right to unionize.

They serve as a protective measure to safeguard the rights of workers while establishing guidelines that employers must follow to promote a balanced and productive work environment.

## Minimum wage

Companies hiring foreign workers in Vietnam must ensure they comply with the country's regulations on minimum wage and compensation. As of recent updates, Vietnam sets a region-based minimum wage that differs across its provinces and cities.

Vietnam currently utilizes two types of minimum wages.

The first type is known as the common minimum wage and is set at **VND 2,340,00** (approximately \$93).

This wage applies to employees in state-owned organizations and is used to calculate social contributions across all enterprises.

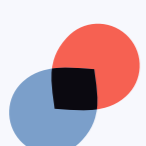
The second type of minimum wage when it comes to Vietnamese hiring is the regional minimum wage. This varies by geographic zone and is applicable to non-state enterprises. The rates for 2024 are:

**1 Region I**  
VND 4,960,000

**2 Region II**  
VND 4,410,000

**3 Region III**  
VND 3,860,000

**4 Region IV**  
VND 3,450,000





## Working hours

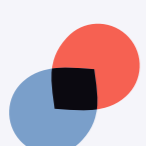
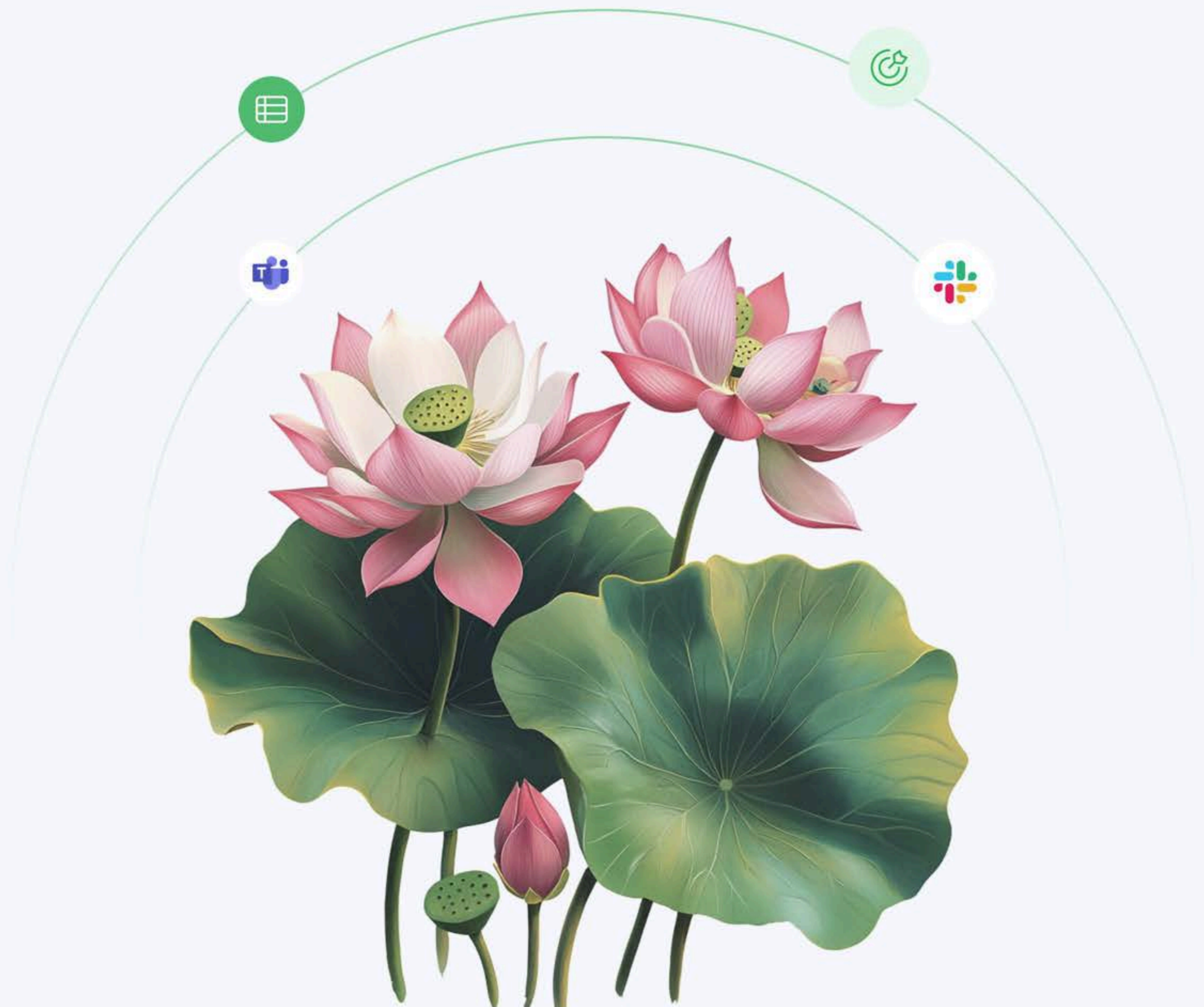
Standard working hours in Vietnam are eight hours a day, 48 hours per week. Overtime must be compensated, and there are strict regulations on the maximum amount of overtime an employee can work.



## Social Security

Another concept you must understand when it comes to hiring foreign workers in Vietnam is social security. Both employers and employees are required to contribute to Vietnam's social security system if the foreign employee has a contract lasting one month or more.

This system provides coverage for sickness, maternity, occupational diseases, retirement, and death benefits.





# Employment Process in the Vietnam

# 02

Once you are familiar with the legal framework, you can move on to the actual hiring process. This typically includes creating job descriptions, recruiting through appropriate channels, and offering competitive job packages.

## Job description

The first step in the Vietnamese hiring process involves outlining a clear [job scope](#). Ensure the job title and duties comply with Vietnamese labor regulations, and for foreign workers, outline any specific skills or qualifications required.

## Recruitment channels

When considering hiring foreign workers in Vietnam, you must think of how you'll attract and engage potential candidates to fill those roles. In Vietnam, recruitment can be done through various channels, including online job portals, local recruitment agencies, and networking platforms. Popular websites like [VietnamWorks](#) and [CareerViet](#) are widely used to find talent.

## Screening and selection

The next process involves reviewing resumes and conducting [screening interviews](#) to identify the best fit. Focus on verifying the candidate's personal and professional background, work experience, relevant skills, and legal eligibility to work in Vietnam.

## Job offers

In Vietnam, job offers are extended after a suitable candidate is identified. This document should contain salary, responsibilities, [fringe benefits](#) and employment terms. Be clear about any probationary period, which can last up to 60 days under Vietnamese law.



# Onboarding and Compliance in Vietnam

# 03

Successfully hiring foreign workers in Vietnam involves complying with strict regulations related to work permits, employment contracts, and social security registration.

## Employment contracts

A written **employment contract** is mandatory in Vietnam. For the employee, it provides clear terms regarding their job role, salary, working hours, benefits, and conditions for termination. It also offers protection under Vietnam's labor laws, ensuring that they receive the rights and benefits they are entitled to, such as social insurance, paid leave, and a safe working environment.

For the employer, the contract serves as a legally binding document that defines the responsibilities and expectations for both parties. It helps protect the business by clearly outlining performance standards, probation periods, and grounds for termination, reducing the risk of disputes.

Additionally, it ensures that the company complies with Vietnamese labor regulations, preventing potential legal issues and fines.

Under the labor code, Vietnam specifies two types of employer contract: indefinite and fixed term.

Indefinite employment contracts do not specify a duration or termination date. It allows for ongoing employment until either party decides to terminate the contract.

Fixed-term contracts, on the other hand, have a specified duration, which cannot exceed 36 months.

## Work permits

Obtaining a work permit is an essential requirement for businesses hiring foreign workers in Vietnam. Without this permit, businesses cannot legally employ foreign nationals, which may result in penalties and complications for both the employer and employee.

Ensuring compliance with local regulations is critical for smooth operations and avoiding legal issues. The employer is responsible for initiating the application process and submitting the required documents:

1 Valid passport

2 Visa

3 Job offer letter

4 Employment contract

5 Health certificate

6 Police clearance certificate

7 Other documents (educational certificates, work experience certificates, or specific industry licenses)





## Social Security registration

Foreign workers must also be registered for social security in Vietnam if they have a work contract lasting more than one month.

Social security registration is mandatory for foreign workers in Vietnam to ensure they have access to essential social benefits and contribute to the country's social security system. This requirement aligns with the government's goal of providing a safety net for all workers, regardless of their nationality.



## Induction training

Induction training is a crucial component of the onboarding process for hiring foreign workers in Vietnam. It serves as an introduction to the [company culture](#), policies, and procedures, ensuring that new employees are well-prepared to contribute effectively to their roles. Familiarizing foreign workers with the company's policies, rules, and procedures is also essential for compliance and avoiding misunderstandings.

Get in touch   with our  
HR experts today 

[Book A Demo](#)



# Managing Your Workforce in Vietnam

# 04

Effective workforce management in Vietnam involves understanding payroll, benefits, leave entitlements, and [performance management](#) systems.

## Vietnam Payroll and Benefits

Payroll in Vietnam must be processed in compliance with local laws. Employees are paid monthly, and salary deductions for taxes and social security contributions must be made accurately.

## Leave management

Employees in Vietnam are entitled to various types of leave:

### 1 Annual leave

For employees who have worked for **12 months**, they are entitled to **12 days** of paid annual leave.

### 2 Public holidays

Vietnam observes **11 public holidays** annually, including significant dates like Tết Nguyên Đán (Lunar New Year), Reunification Day, and National Day. If a holiday falls on a weekend, the following Monday is typically observed as a day off.

### 3 Maternity leave

In Vietnam, the specific duration of maternity leave can vary depending on the number of children born and the type of employment. For example, in the case of the birth of a single child, female employees are granted **126 days** of paid leave. If twins or more are born, the maternity leave can be extended to **156 days**.

### 3 Paternity leave

Male employees are entitled to **5 days** of paid leave. However, male employees who contribute to social insurance can take paternity leave in the first **30 days** from the day the baby is born.

### 3 Sick leave

Employees are also entitled to sick leave, the duration of which depends on their contributions to the social security fund.

### 3 Parental leave

Female employees are entitled to **6 months** of maternity leave, fully paid by social insurance. Fathers can take **5 days** of paid paternity leave for a normal delivery, **7 days** for cesarean sections, and up to **14 days** for multiple births.



## 📊 Performance management

Hiring foreign workers in Vietnam requires a well-structured performance management system.

This ensures that employees meet the company's standards and continue to develop their skills.

Employers should establish **clear performance goals**, conduct regular evaluations and provide feedback to help employees improve.



Relevant Reading

🕒 7 min read

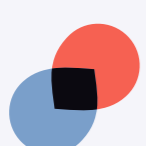
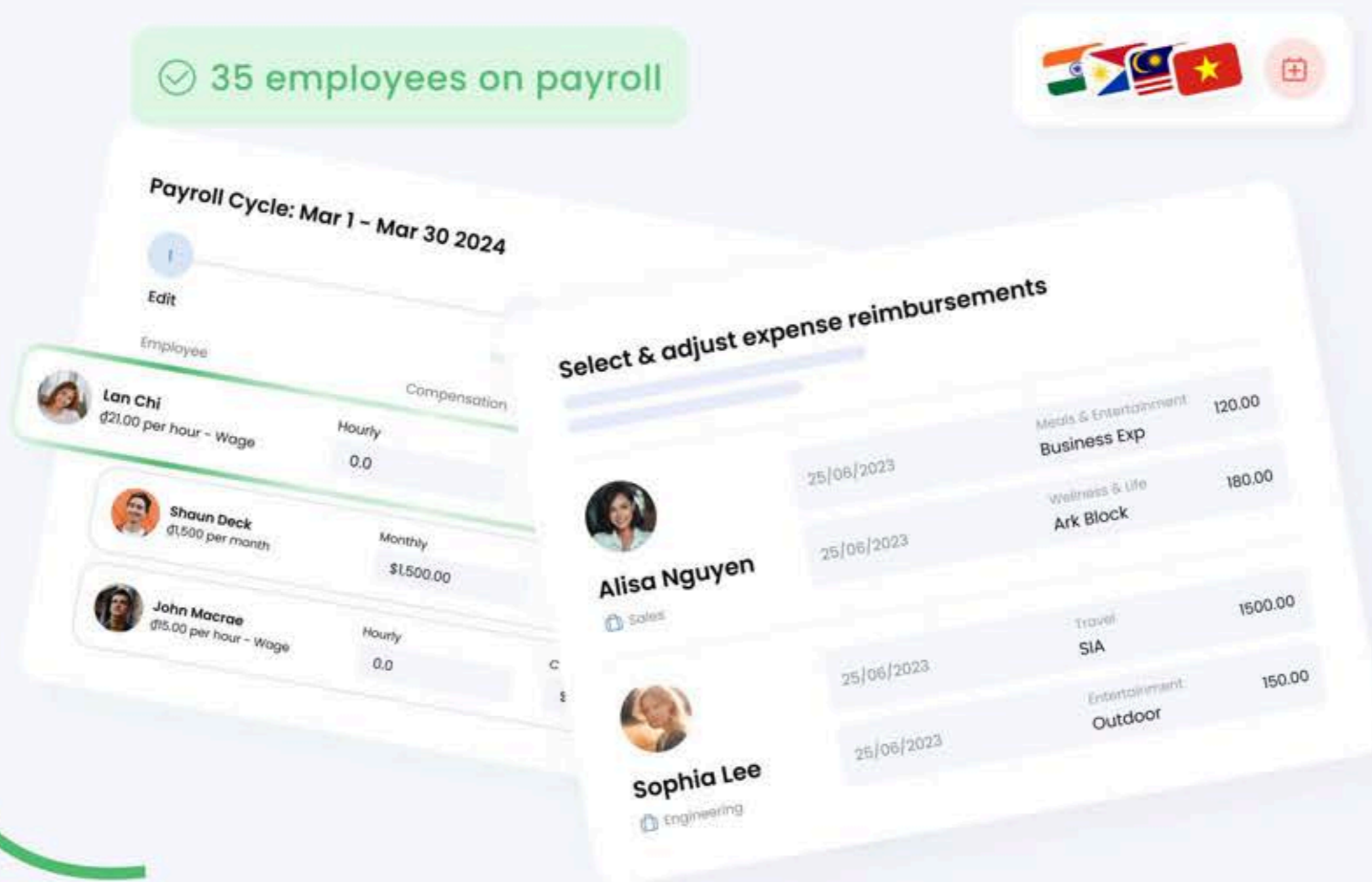
### **The 9-Box Grid: Your New Favorite Performance Assessment Strategy (With a Template!)**

## 👥 Employee relations

Good employee relations are important when hiring foreign workers in Vietnam. Employers should encourage communication, respect cultural differences, and address issues quickly to **create a positive work environment** and keep employees happy.

## 📄 Compliance

Compliance is also essential when hiring foreign workers in Vietnam. Employers must adhere to Vietnamese labor laws, including employment contracts, work permits, social security contributions, and tax obligations. Ensuring compliance protects the company from legal penalties, helps maintain a good reputation, and ensures smooth business operations while fostering trust with employees.



# Taxes and Contributions in Vietnam

# 05

Vietnam's tax system for employers and employees is straightforward but requires accurate compliance with tax laws and contribution obligations.

## Employer obligations

For employers hiring foreign workers in Vietnam, they must contribute to social insurance, health insurance, and unemployment insurance on behalf of their employees. These contributions are calculated as a percentage of the employee's gross salary.

- **Social insurance contributions**

Another important factor to consider when hiring foreign workers in Vietnam is the requirement for mandatory social insurance. The purpose of social insurance is to provide financial protection for employees in case of retirement, sickness, maternity, occupational accidents, or death. It ensures that workers have access to benefits during these situations, helping them maintain financial stability when they are unable to work.

Employers and employees both contribute to the social insurance fund to support these benefits. Employers **pay 17.5% of the employee's salary** into the social contribution fund.

- **Health insurance contributions**

Health insurance provides medical coverage for employees. Employers contribute 3% of an employee's salary to the insurance fund.

- **Unemployment insurance contributions**

This contribution fund provides financial assistance to employees who lose their jobs. It is mandatory for employees with contracts of at least 3 months. Employers must pay 1% of the employee's salary into the unemployment contribution fund.



## Tax compliance



### Payroll processing

Accurate **payroll processing** is crucial for ensuring correct tax deductions and contributions to social security systems. Consider using payroll software or outsourcing to a local provider to streamline this process.



### Record keeping

Maintain detailed records of all payroll transactions, including payslips, tax deductions, and contributions to social security programs. These records should be kept for a specified period for compliance and audit purposes.






### Tax filing

Employers are responsible for filing various tax returns, including annual income tax returns for their employees and withholding tax returns.

Ensure you meet all filing deadlines to avoid penalties.

## Get in touch with our HR experts today

-  Transparent pricing
-  No hidden fees
-  Fastest implementation on the market!

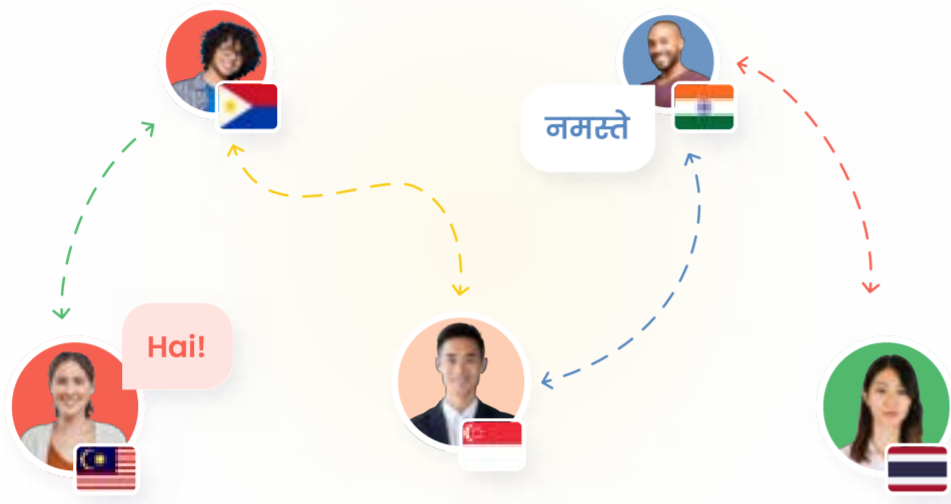
[Book A Demo](#)

[Start Free Trial](#)

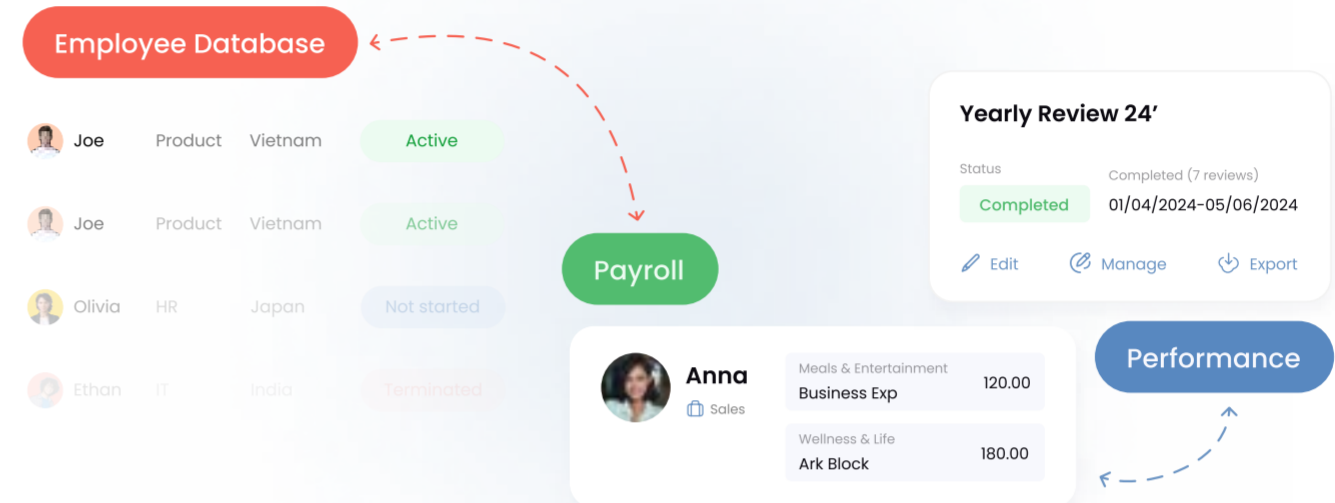


# Manage Your Distributed Team with Omni

Omni makes it easy to support distributed teams across multiple locations, time zones, and currencies across Asia Pacific

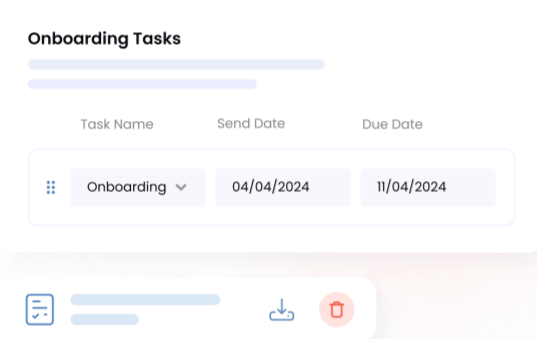


Our **expert support** and **multi-country payroll** features help you manage your distributed workforce efficiently, ensuring compliance with local laws and regulations in 190+ countries and 10+ languages.

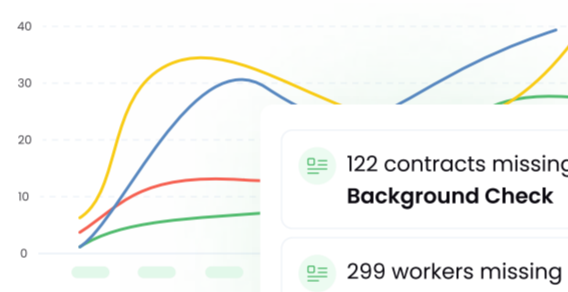


**Centralized document management** to help make gathering the necessary data required to apply for **employment passes**, **rental schemes**, and other country-specific initiatives seamless and timely.

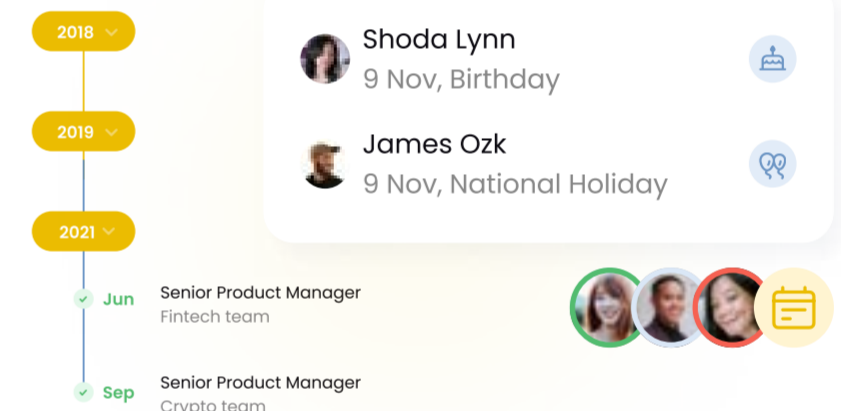
## Automated Payroll



**Customized workflows** and automated reminders empower your employees to manage the deadlines and documentation requirements for applications and renewals.



Real-time, **secure data** allows easy access to accurate salary information and produces customized reports and documentation necessary for verification and compliance.



A customizable **employee portal** for teams to set and manage calendars pre-loaded with country- or region-specific holidays and time zones, seamlessly onboarding individuals in various locations and supporting leave management across borders.

[Book a demo](#) with our team to learn more about how Omni can support your global workforce.

## Want to **hire globally** but lack a local presence?

An employer of record can help. Download Omni's Global Employer of Record Guide for Asia Pacific now!

[Download Now](#)





