

iGlobal Law 2024 Annual Alert : Hong Kong

Legal Change	Effective Date	Action required
<p>Abolition of MPF offsetting arrangement</p> <p>Starting from the effective date, employers will no longer be entitled to use employer’s mandatory contribution balances in Mandatory Provident Fund (“MPF”) schemes, to offset such part of the statutory severance payment (“SP”) and statutory long service payment (“LSP”) accrued in respect of their employees’ service.</p> <p>Employers however will still be able to offset SP and LSP accrued in respect of employees' service on or before April 30th 2025. The calculation of SP and LSP will also be updated.</p> <p>Employers’ right to use employer’s MPF voluntary contribution balances and gratuities based on employees’ years of service to offset severance payment and long service payment will not be affected.</p>	<p>May 1st 2025</p>	<p>Nothing at this stage but keep an eye out for the implementation of the arrangement.</p>