

ADDITIONAL WAGE (AW) CEILING

The AW Ceiling determines the maximum amount of AW subject to CPF contributions for the year. An employee's AW Ceiling is computed on a per employer, per year basis. The Ceiling applies to all Singapore Citizens and Singapore Permanent Residents (SPR).

AW Ceiling Calculation

The AW Ceiling is computed using the following formula:

\$102,000* - Total Ordinary Wages (OW) subject to CPF for the year

**Calculated based on prevailing OW Ceiling of \$6,000 x 17 months*

Step 1: At the **start** of the year, employers should first estimate the AW ceiling by using the current year's estimated monthly OW.

Step 2: At the **end** of the year, upon an employee's resignation or if there are changes in the employee's salary, employers are to re-calculate the AW ceiling of the year based on the OW paid.

Any **shortfall** in contributions should be paid together with the CPF contributions at the end of the year in December or in the employee's last month of employment.

If **excess** CPF contributions were paid, employers should apply for a refund via **CPF Board's digital services**.

The applicable AW Ceiling depends on the due and payable date of the AW. For example, if the 2020 bonus is due and payable to the employee in 2021, then the employer should contribute according to the 2021 AW Ceiling.

1. Employee earns more than \$6,000 of Ordinary Wage (OW)

My employee who is below 55 years old, earned a monthly salary of \$7,000. He will be receiving a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling:
 $\$102,000 - (\$6,000 \times 12) = \$30,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	7,000	6,000	1,020	1,200	12,000	12,000	2,040	2,400
Feb	7,000	6,000	1,020	1,200				
Mar	7,000	6,000	1,020	1,200				
Apr	7,000	6,000	1,020	1,200				
May	7,000	6,000	1,020	1,200				
Jun	7,000	6,000	1,020	1,200	10,000	10,000	1,700	2,000
Jul	7,000	6,000	1,020	1,200				
Aug	7,000	6,000	1,020	1,200				
Sep	7,000	6,000	1,020	1,200				
Oct	7,000	6,000	1,020	1,200				
Nov	7,000	6,000	1,020	1,200				
Dec	7,000	6,000	1,020	1,200	78,000	8,000	1,360	1,600
Total	84,000	72,000	12,240	14,400	100,000	30,000	5,100	6,000

In this case, the maximum AW that is subject to CPF in 2021 would be \$30,000. The remaining AW of \$70,000 would not be subject to CPF, if your employee works till the end of the year.

2. Employee earns less than \$6,000 of Ordinary Wage (OW)

My employee who is below 55 years old, earned a monthly salary of \$4,500. He will be receiving a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling:
 $\$102,000 - (\$4,500 \times 12) = \$48,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	4,500	4,500	765	900				
Feb	4,500	4,500	765	900	5,000	5,000	850	1,000
Mar	4,500	4,500	765	900	40,000	40,000	6,800	8,000
Apr	4,500	4,500	765	900				
May	4,500	4,500	765	900				
Jun	4,500	4,500	765	900				
Jul	4,500	4,500	765	900				
Aug	4,500	4,500	765	900				
Sep	4,500	4,500	765	900				
Oct	4,500	4,500	765	900				
Nov	4,500	4,500	765	900				
Dec	4,500	4,500	765	900	55,000	3,000	510	600
Total	54,000	54,000	9,180	10,800	100,000	48,000	8,160	9,600

In this case, the maximum AW that is subject to CPF in 2021 would be \$48,000. The remaining AW of \$52,000 would not be subject to CPF, if your employee works till the end of the year.

3. Employee's Ordinary Wage (OW) increased during the year

My employee who is below 55 years old, earned a monthly salary of \$4,500 from Jan to Mar 2021. His salary then increased to \$6,000 from Apr to Dec 2021. He will be receiving a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling at the start of the year:
 $\$102,000 - (\$4,500 \times 12) = \$48,000$

Re-calculation of AW Ceiling as at Apr 2021*:
 $\$102,000 - [(\$4,500 \times 3) + (\$6,000 \times 9)] = \$34,500$

** Re-calculation to be done as there were adjustments to the salary in Apr*

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	4,500	4,500	765	900	20,000	20,000	3,400	4,000
Feb	4,500	4,500	765	900				
Mar	4,500	4,500	765	900				
Apr	6,000	6,000	1,020	1,200	30,000	14,500	2,465	2,900
May	6,000	6,000	1,020	1,200				
Jun	6,000	6,000	1,020	1,200				
Jul	6,000	6,000	1,020	1,200				
Aug	6,000	6,000	1,020	1,200				
Sep	6,000	6,000	1,020	1,200				
Oct	6,000	6,000	1,020	1,200				
Nov	6,000	6,000	1,020	1,200				
Dec	6,000	6,000	1,020	1,200	50,000	0	0	0
Total	67,500	67,500	11,475	13,500	100,000	34,500	5,865	6,900

With the increment of your employee's OW in Apr 2021, his AW subject to CPF in 2021 would be \$34,500 instead of \$48,000. The remaining AW paid of \$65,500 would not be subject to CPF, if your employee works till the end of the year.

4. Employee's Ordinary Wage (OW) decreased during the year

My employee who is below 55 years old, earned a monthly salary of \$7,000 from Jan to Jun 2021. His salary decreased to \$5,000 from Jul to Dec 2021. He will be receiving a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling before OW changed:
 $\$102,000 - (\$6,000 \times 12) = \$30,000$

Re-calculation of AW Ceiling at **end of the year**:
 $\$102,000 - [(\$6,000 \times 6) + (\$5,000 \times 6)] = \$36,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	7,000	6,000	1,020	1,200				
Feb	7,000	6,000	1,020	1,200	20,000	20,000	3,400	4,000
Mar	7,000	6,000	1,020	1,200				
Apr	7,000	6,000	1,020	1,200	20,000	10,000	1,700	2,000
May	7,000	6,000	1,020	1,200				
Jun	7,000	6,000	1,020	1,200	20,000	0	0	0
Jul	5,000	5,000	850	1,000				
Aug	5,000	5,000	850	1,000	20,000	0	0	0
Sep	5,000	5,000	850	1,000				
Oct	5,000	5,000	850	1,000	20,000	0	0	0
Nov	5,000	5,000	850	1,000				
Dec	5,000	5,000	850	1,000		6,000	1,020	1,200
Total	72,000	66,000	11,220	13,200	100,000	36,000	6,120	7,200

With the decrease in your employee's OW in Jul 2021, his AW subject to CPF in 2021 would be \$36,000 instead of \$30,000. The employer is required to re-calculate the AW Ceiling at the end of the year and pay the CPF shortfall on AW of \$6,000 in Dec 2021.

5. Employee joined the company during the year

My employee who is below 55 years old, earned a monthly salary of \$7,000 starting from Jun 2021. He will be receiving a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling:
 $\$102,000 - (\$6,000 \times 7) = \$60,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jun	7,000	6,000	1,020	1,200	50,000	50,000	8,500	10,000
Jul	7,000	6,000	1,020	1,200				
Aug	7,000	6,000	1,020	1,200	50,000	10,000	1,700	2,000
Sep	7,000	6,000	1,020	1,200				
Oct	7,000	6,000	1,020	1,200				
Nov	7,000	6,000	1,020	1,200				
Dec	7,000	6,000	1,020	1,200				
Total	49,000	42,000	7,140	8,400	100,000	60,000	10,200	12,000

Your employee's AW subject to CPF in 2021 would be \$60,000. The remaining AW paid of \$40,000 would not be subjected to CPF, if your employee works till the end of the year.

6. Employee left employment during the year

My employee who is below 55 years old, earned a monthly salary of \$7,000. He subsequently resigned in Aug 2021. He will be receiving a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling at the **start of the year**:

$$\$102,000 - (\$6,000 \times 12) = \$30,000$$

Re-calculation of AW Ceiling in the **last month of employment** (Aug 2021):

$$\$102,000 - (\$6,000 \times 8) = \$54,000$$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	7,000	6,000	1,020	1,200	70,000	30,000	5,100	6,000
Feb	7,000	6,000	1,020	1,200				
Mar	7,000	6,000	1,020	1,200	30,000	0	0	0
Apr	7,000	6,000	1,020	1,200				
May	7,000	6,000	1,020	1,200				
Jun	7,000	6,000	1,020	1,200				
Jul	7,000	6,000	1,020	1,200				
Aug	7,000	6,000	1,020	1,200		24,000	4,080	4,800
Total	56,000	48,000	8,160	9,600	100,000	54,000	9,180	10,800

The employer is required to re-calculate the AW Ceiling in the employee's last month of employment and pay the CPF shortfall on AW of \$24,000 in Aug 2021.

7. Employee left employment during the year

My employee who is below 55 years old, earned a monthly salary of \$7,000. He resigned in early Jun 2021 and his salary was prorated at \$1,500. The company then paid him a bonus of \$54,000 in Jul 2021. He received a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling at the **start of the year**:

$$\$102,000 - (\$6,000 \times 12) = \$30,000$$

Re-calculation of AW Ceiling in the **last month of employment** (Jun 2021):

$$\$102,000 - [(\$6,000 \times 5) + \$1,500] = \$70,500$$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	7,000	6,000	1,020	1,200	3,000	3,000	510	600
Feb	7,000	6,000	1,020	1,200	12,000	12,000	2,040	2,400
Mar	7,000	6,000	1,020	1,200	4,000	4,000	680	800
Apr	7,000	6,000	1,020	1,200	12,000	11,000	1,870	2,200
May	7,000	6,000	1,020	1,200	15,000	0	0	0
Jun	1,500	1,500	255	300		16,000	2,720	3,200
Jul	0	0	0	0	54,000	24,500	4,165	4,900
Total	36,500	31,500	5,355	6,300	100,000	70,500	11,985	14,100

Jun 2021: The employer is required to re-calculate the AW Ceiling in the employee's last month of employment and pay the CPF shortfall on AW of \$16,000. This is because the AW given to the employee up to Jun 2021 was only \$46,000, which is below the AW Ceiling.

Jul 2021: The employee was given another AW of \$54,000 (after his resignation). Hence, the employer needs to re-calculate the AW Ceiling and pay another CPF shortfall on AW of \$24,500.

8. Employee left employment during the year

My employee who is below 55 years old, earned a monthly salary of \$4,000. He resigned in May 2021 and the company paid a bonus of \$18,500 in Jun 2021. He received a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling at the **start of the year**:

$$\$102,000 - (\$4,000 \times 12) = \$54,000$$

Re-calculation of AW Ceiling in the **last month of employment** (May 2021):

$$\$102,000 - (\$4,000 \times 5) = \$82,000$$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	4,000	4,000	680	800	2,500	2,500	425	500
Feb	4,000	4,000	680	800	33,500	33,500	5,695	6,700
Mar	4,000	4,000	680	800	3,500	3,500	595	700
Apr	4,000	4,000	680	800	18,500	14,500	2,465	2,900
May	4,000	4,000	680	800	23,500	27,500	4,675	5,500
Jun	0	0	0	0	18,500	500	85	100
Total	20,000	20,000	3,400	4,000	100,000	82,000	13,940	16,400

May 2021: The employer is required to re-calculate the AW Ceiling in the employee's last month of employment and pay CPF on the AW shortfall of \$27,500. This is because the AW given to the employee up to May 2021 was only \$81,500, which is below the AW Ceiling.

Jun 2021: The employee was given another AW of \$18,500 (after his resignation). The employer would therefore need to re-calculate the AW Ceiling and pay another CPF shortfall on AW of \$500.

9. Employee left employment during the year

My employee who is below 55 years old, earned a monthly salary of \$7,000. He resigned in Jun 2021 and the company paid a bonus of \$62,372.64 in Jul 2021. He received a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling at the **start of the year**.
 $\$102,000 - (\$6,000 \times 12) = \$30,000$

Re-calculation of AW Ceiling in the **last month of employment** (Jun 2021):
 $\$102,000 - (\$6,000 \times 6) = \$66,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	7,000	6,000	1,020	1,200	2,850.60	2,850.60	485	570
Feb	7,000	6,000	1,020	1,200	3,753.82	3,753.82	639	750
Mar	7,000	6,000	1,020	1,200	24,000.50	23,395.58	3,977	4,679
Apr	7,000	6,000	1,020	1,200	7,022.44	0	0	0
May	7,000	6,000	1,020	1,200				
Jun	7,000	6,000	1,020	1,200		7,627.36	1,297	1,525
Jul	0	0	0	0	62,372.64	28,372.64	4,824	5,674
Total	42,000	36,000	6,120	7,200	100,000	66,000	11,222	13,198

Jun 2021: The employer is required to re-calculate the AW Ceiling in the employee's last month of employment and pay the CPF shortfall on AW of \$7,627.36 (\$604.92 + \$7,022.44). This is because the AW given to the employee up to Jun 2021 was only \$37,627.36, which is below the AW Ceiling.

Total CPF payable in Jun 2021 should be calculated as follows:

AW Subject to CPF	Month in which CPF is payable	Total CPF payable	Employer Share of CPF payable	Employee Share of CPF payable
24,000.50	Refer to (i) & (ii)	8,880	4,080	4,800
(i) (23,395.58)	Mar 2021 (capped at \$30,000)	(8,656)	(3,977)	(4,679)
(ii) 604.92	Jun 2021 (re-calculation)	224	103	121
7,022.44	Jun 2021 (re-calculation)	2,598	1,194	1,404
Total Contributions Payable on AW in Jun 2021		2,822	1,297	1,525

Jul 2021: Although the employer had paid the CPF shortfall on AW in Jun 2021, there was another AW of \$62,372.64 paid to the employee after his resignation. The employer would therefore need to pay another CPF shortfall on AW of \$28,372.64.

10. Employee change of age group during the year

My employee who turned 55 years old in Jun 2021 earned a monthly salary of \$10,000. He will be receiving a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling:
 $\$102,000 - (\$6,000 \times 12) = \$30,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	10,000	6,000	1,020	1,200				
Feb	10,000	6,000	1,020	1,200	5,000	5,000	850	1,000
Mar	10,000	6,000	1,020	1,200				
Apr	10,000	6,000	1,020	1,200	5,000	5,000	850	1,000
May	10,000	6,000	1,020	1,200				
Jun	10,000	6,000	1,020	1,200	5,000	5,000	850	1,000
Jul	10,000	6,000	780	780				
Aug	10,000	6,000	780	780	20,000	15,000	1,950	1,950
Sep	10,000	6,000	780	780				
Oct	10,000	6,000	780	780	65,000	0	0	0
Nov	10,000	6,000	780	780				
Dec	10,000	6,000	780	780				
Total	120,000	72,000	10,020	11,100	100,000	30,000	4,500	4,950

Your employee's AW subject to CPF in 2021 would be \$30,000. The remaining AW paid of \$70,000 would not be subject to CPF, if your employee works till the end of the year.

11. Employee change of Original Wage (OW) and age group during the year

My employee who turned 55 years old in Jun 2021, earned a monthly salary of \$7,000 from Jan to Jun 2021 and \$5,000 from Jul to Dec 2021. He will be receiving a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling before OW changed:
 $\$102,000 - (\$6,000 \times 12) = \$30,000$

Re-calculation of AW Ceiling at **end of the year**:
 $\$102,000 - [(\$6,000 \times 6) + (\$5,000 \times 6)] = \$36,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	7,000	6,000	1,020	1,200				
Feb	7,000	6,000	1,020	1,200	20,000	20,000	3,400	4,000
Mar	7,000	6,000	1,020	1,200				
Apr	7,000	6,000	1,020	1,200	20,000	10,000	1,700	2,000
May	7,000	6,000	1,020	1,200				
Jun	7,000	6,000	1,020	1,200	20,000	0	0	0
Jul	5,000	5,000	650	650				
Aug	5,000	5,000	650	650	20,000	0	0	0
Sep	5,000	5,000	650	650				
Oct	5,000	5,000	650	650	20,000	0	0	0
Nov	5,000	5,000	650	650				
Dec	5,000	5,000	650	650	0	6,000	1,020	1,200
Total	72,000	66,000	10,020	11,100	100,000	36,000	6,120	7,200

The employer is required to re-calculate the AW Ceiling and pay the CPF shortfall on AW of \$6,000 in Dec 2021. The CPF shortfall on AW should be paid using the contribution rate as at Apr 2021 (37%) instead of Dec 2021 (26%), as the CPF shortfall arises from the AW paid in Apr 2021 (before change of age group).

12. Employee change of Ordinary Wage (OW) and age group during the year

My employee who turned 55 years old in Jun 2021, earned a monthly salary of \$10,000 from Jan to Jun 2021 and \$5,000 from Jul to Dec 2021. He will be receiving a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling before OW changed:
 $\$102,000 - (\$6,000 \times 12) = \$30,000$

Re-calculation of AW Ceiling at **end of the year**:
 $\$102,000 - [(\$6,000 \times 6) + (\$5,000 \times 6)] = \$36,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	10,000	6,000	1,020	1,200				
Feb	10,000	6,000	1,020	1,200				
Mar	10,000	6,000	1,020	1,200				
Apr	10,000	6,000	1,020	1,200	10,000	10,000	1,700	2,000
May	10,000	6,000	1,020	1,200				
Jun	10,000	6,000	1,020	1,200	22,000	20,000	3,400	4,000
Jul	5,000	5,000	650	650				
Aug	5,000	5,000	650	650				
Sep	5,000	5,000	650	650				
Oct	5,000	5,000	650	650	68,000	0	0	0
Nov	5,000	5,000	650	650				
Dec	5,000	5,000	650	650		6,000	860	920
Total	90,000	66,000	10,020	11,100	100,000	36,000	5,960	6,920

The employer is required to re-calculate the AW Ceiling and pay the CPF shortfall on AW of \$6,000 in Dec 2021.

Do note that the CPF shortfall on AW should be paid based on the following:

- Balance of \$2,000 paid in Jun 2021 should use the contribution rate as at Jun 2021 (37%)
- Balance of \$4,000 paid in Oct 2021 should use the contribution rate as at Oct 2021 (26%)

13. Employee change of age group and left employment during the year

My employee who turned 55 years old in Jun 2021 earned a monthly salary of \$7,000. He resigned in Aug 2021. He received a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling at the **start of the year**:
 $\$102,000 - (\$6,000 \times 12) = \$30,000$

Re-calculation of AW Ceiling in the **last month of employment** (Aug 2021):
 $\$102,000 - (\$6,000 \times 8) = \$54,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	7,000	6,000	1,020	1,200	40,000	30,000	5,100	6,000
Feb	7,000	6,000	1,020	1,200				
Mar	7,000	6,000	1,020	1,200				
Apr	7,000	6,000	1,020	1,200				
May	7,000	6,000	1,020	1,200				
Jun	7,000	6,000	1,020	1,200				
Jul	7,000	6,000	780	780				
Aug	7,000	6,000	780	780	60,000	24,000	3,520	3,820
Total	56,000	48,000	7,680	8,760	100,000	54,000	8,620	9,820

The employer is required to re-calculate the AW Ceiling in the employee's last month of employment and pay the CPF shortfall on AW of \$24,000 in Aug 2021.

Do note that the CPF shortfall on AW should be paid based on the following:

- a) Balance of \$10,000 paid in Jan 2021 should use the contribution rate as at Jan 2021 (37%)
- b) Balance of \$14,000 (\$54,000 - \$40,000) should use the contribution rate as at Aug 2021 (26%)

14. Employee change of age group and left employment during the year

My employee who turned 55 years old in Jun 2021 earned a monthly salary of \$7,000 from Feb 2021. He resigned in early Nov 2021 and his salary was prorated to \$2,000. The company paid an AW of \$60,000 in Dec 2021. He received a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling at the **start of the year**:

$\$102,000 - (\$6,000 \times 11) = \$36,000$

Re-calculation of AW Ceiling in the **last month of employment** (Nov 2021):

$\$102,000 - [(\$6,000 \times 9) + \$2,000] = \$46,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan								
Feb	7,000	6,000	1,020	1,200	40,000	36,000	6,120	7,200
Mar	7,000	6,000	1,020	1,200				
Apr	7,000	6,000	1,020	1,200				
May	7,000	6,000	1,020	1,200				
Jun	7,000	6,000	1,020	1,200				
Jul	7,000	6,000	780	780				
Aug	7,000	6,000	780	780				
Sep	7,000	6,000	780	780				
Oct	7,000	6,000	780	780				
Nov	2,000	2,000	260	260		4,000	680	800
Dec					60,000	6,000	780	780
Total	65,000	56,000	8,480	9,380	100,000	46,000	7,580	8,780

Nov 2021: The employer is required to re-calculate the AW Ceiling in the employee's last month of employment and pay the CPF shortfall on AW of \$4,000. This is because the AW given to the employee up to Nov 2021 was only \$40,000.

Dec 2021: The employee was given another AW of \$60,000 (after his resignation). The employer would therefore need to re-calculate the AW Ceiling and pay another CPF shortfall on AW of \$6,000.

Please note that the CPF shortfall on AW should be paid based on the following:

- a) Balance of \$4,000 paid in Feb 2021 should use the contribution rate as at Feb 2021 (37%)
- b) Balance of \$6,000 (\$46,000 - \$40,000) should use the contribution rate as at Dec 2021 (26%)

15. Employee change of age group and left employment during the year

My employee who turned 55 years old in Mar 2021 earned a monthly salary of \$7,000. He resigned in Jun 2021 and the company paid an AW of \$62,372.64 in Jul 2021. He received a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling at the **start of the year**:

$\$102,000 - (\$6,000 \times 12) = \$30,000$

AW Ceiling as at **last month of employment** (Jun 2021):

$\$102,000 - (\$6,000 \times 6) = \$66,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	7,000	6,000	1,020	1,200	2,850.60	2,850.60	485	570
Feb	7,000	6,000	1,020	1,200	3,753.82	3,753.82	639	750
Mar	7,000	6,000	1,020	1,200	24,000.50	23,395.58	3,977	4,679
Apr	7,000	6,000	780	780	7,022.44	0	0	0
May	7,000	6,000	780	780				
Jun	7,000	6,000	780	780		7,627.36	1,017	1,033
Jul					62,372.64	28,372.64	3,689	3,688
Total	42,000	36,000	5,400	5,940	100,000	66,000	9,807	10,720

Jun 2021: The employer is required to re-calculate the AW Ceiling in the employee's last month of employment and pay the CPF shortfall on AW of \$7,627.36. This is because the AW given to the employee up to Jun 2021 was only \$37,627.36, which is below the AW Ceiling.

The total CPF payable in Jun 2021 should be calculated as follows:

AW Subject to CPF	Month in which CPF is payable	Total CPF payable	Employer Share of CPF payable	Employee Share of CPF payable
24,000.50	Refer to (i) & (ii)	8,880	4,080	4,800
(i) (23,395.58)	Mar 2021 (capped at \$30,000)	(8,656)	(3,977)	(4,679)
(ii) 604.92	Jun 2021 (re-calculation)	224	103	121
7,022.44	Jun 2021 (re-calculation)	1,826	914	912
Total Contributions Payable on AW in Jun 2021		2,050	1,017	1,033

Please note that the CPF shortfall on AW should be paid based on the following:

- a) Balance of \$604.92 paid in Mar 2021 should use the contribution rate as at Mar 2021 (37%)
- b) Balance of \$7022.44 paid in Apr 2021 should use the contribution rate as at Apr 2021 (26%)

Jul 2021: There was another AW of \$62,372.64 paid to the employee after his resignation. The employer would therefore need to pay the CPF shortfall on AW of \$28,372.64.

16. Employee left and re-joined the company

My employee who is below 55 years old earned a monthly salary of \$10,000 from Jan to Apr 2021. He received Additional Wages (AW) of \$50,000 in Feb 2021. He then resigned in Apr 2021.

Subsequently, he re-joined the company in Sep 2021 with a monthly salary of \$11,000. He also received another AW of \$50,000 in Dec 2021. He received a total Additional Wage (AW) of \$100,000 in 2021.

Estimated Additional Wage (AW) Ceiling at the **start of the year**:
 $\$102,000 - (\$6,000 \times 12) = \$30,000$

AW Ceiling as at **last month of employment** (Apr 2021):
 $\$102,000 - (\$6,000 \times 4) = \$78,000$

Re-calculation of AW Ceiling at **end of the year** after re-joined:
 $\$102,000 - (\$6,000 \times 8) = \$54,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	10,000	6,000	1,020	1,200				
Feb	10,000	6,000	1,020	1,200	50,000	30,000	5,100	6,000
Mar	10,000	6,000	1,020	1,200				
Apr	10,000	6,000	1,020	1,200		20,000	3,400	4,000
May								
Jun								
Jul								
Aug								
Sep	11,000	6,000	1,020	1,200				
Oct	11,000	6,000	1,020	1,200				
Nov	11,000	6,000	1,020	1,200				
Dec	11,000	6,000	1,020	1,200	50,000	4,000	680	800

Total	84,000	48,000	8,160	9,600	100,000	54,000	9,180	10,800
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Apr 2021: The employer is required to re-calculate the AW Ceiling in the employee's last month of employment and pay the CPF shortfall on AW of \$20,000.

Dec 2021: As the employee re-joined the company in Sep 2021, the employer is required to re-calculate the AW Ceiling and pay the CPF on the balance AW of \$4,000.

17. Employee earns less than \$750 of Ordinary Wage (OW) with fluctuating Additional Wage (AW)

My employee who is below 55 years old, earned a monthly salary of \$500. He will be receiving a total Additional Wage (AW) of \$162,000 in 2021.

Estimated Additional Wage (AW) Ceiling:
 $\$102,000 - (\$500 \times 12) = \$96,000$

Month / Year 2021	OW Paid (\$)	OW Subject to CPF (\$)	CPF Payable on OW		AW Paid (\$)	AW Subject to CPF (\$)	CPF Payable on AW	
			Employer (\$)	Employee (\$)			Employer (\$)	Employee (\$)
Jan	500	500	85	100	22,000	22,000	3,740	4,400
Feb	500	500	85	100	10,000	10,000	1,700	2,000
Mar	500	500	85	100	3,000	3,000	510	600
Apr	500	500	85	100	25,800	25,800	4,386	5,160
May	500	500	85	100	15,000	15,000	2,550	3,000
Jun	500	500	85	100	20,100	20,100	3,417	4,020
Jul	500	500	85	100	30,000	100.00	17	20
Aug	500	500	85	100	2,000			
Sep	500	500	85	100	5,000			
Oct	500	500	85	100	10,000			
Nov	500	500	85	100	15,000			
Dec	500	500	85	100	4,100			
Total	6,000	6,000	1,020	1,200	162,000	96,000	16,320	19,200

Do note that the applicable CPF contribution is based on the employee's total wages for the calendar month, prior to capping on AW. For Jul 2021, the employee's total wages prior to capping on AW is \$30,500, i.e. > \$750. Hence, the contribution rate of 37% should be applied on the wages subject to CPF.