

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

For the year 2023, the AW ceiling is

$\$102,000 - (\$6,000 \times 8) - (\$W \times 4)$

where W is capped at the Ordinary Wage (OW) ceiling of \$6,300 from September 2023.

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 using [CPF Board's digital services](#).

The applicable AW ceiling depends on the due and payable date of the AW. For example, if the 2022 bonus is due and payable to the employee in 2023, then the employer should contribute according to the 2023 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 2023.

Estimated Additional Wage (AW) ceiling:
 $\$102,000 - (\$6,000 \times 8) - (\$6,300 \times 4) = \$28,800$

Month / Year 2023	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	6,300	1,071	1,260				
Oct	7,000	6,300	1,071	1,260				
Nov	7,000	6,300	1,071	1,260				
Dec	7,000	6,300	1,071	1,260	78,000	6,800	1,156	1,360
Total	84,000	73,200	12,444	14,640	100,000	28,800	4,896	5,760

In this case, the maximum AW that is subject to CPF in 2023 would be \$28,800. The remaining AW of \$71,200 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 2023.

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

Month / Year 2023	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 2023 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 2023. His salary then increased to \$6,000 from Apr to Dec 2023. He will be receiving a total Additional Wage (AW) of \$100,000 in 2023.

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 2023*:
 $\$102,000 - [(\$4,500 \times 3) + (\$6,000 \times 9)] = \$34,500$

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

Month / Year 2023	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 2023, his AW subject to CPF in 2023 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 2023. His salary decreased to \$5,000 from Jul to Dec 2023. He will be receiving a total Additional Wage (AW) of \$100,000 in 2023.

Estimated Additional Wage (AW) ceiling before OW changed:
 $\$102,000 - (\$6,000 \times 8) - (\$6,300 \times 4) = \$28,800$

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

Month / Year 2023	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	8,800	1,496	1,760
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		7,200	1,224	1,440
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 2023, his AW subject to CPF in 2023 would be \$36,000 instead of \$28,800. The employer is required to re-calculate the AW ceiling at the end of the year and pay the CPF shortfall on AW of \$7,200 in Dec 2023.

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 2023. He will be receiving a total Additional Wage (AW) of \$100,000 in 2023.

Estimated Additional Wage (AW) ceiling:
 $\$102,000 - (\$6,000 \times 3) - (\$6,300 \times 4) = \$58,800$

Month / Year 2023	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	8,800	1,496	1,760
Sep	7,000	6,300	1,071	1,260				
Oct	7,000	6,300	1,071	1,260				
Nov	7,000	6,300	1,071	1,260				
Dec	7,000	6,300	1,071	1,260				
Total	49,000	43,200	7,344	8,640	100,000	58,800	9,996	11,760

Your employee's AW subject to CPF in 2023 would be \$58,800. The remaining AW paid of \$41,200 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 2023. He will be receiving a total Additional Wage (AW) of \$100,000 in 2023.

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

$$\$102,000 - (\$6,000 \times 8) - (\$6,300 \times 4) = \$28,800$$

Re-calculation of AW ceiling in the **last month of employment** (Aug 2023):

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

Month / Year 2023	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	28,800	4,896	5,760
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		25,200	4,284	5,040
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 \$25,200 in Aug 2023.

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 2023 and his salary was prorated at \$1,500. The company then paid him a bonus of \$54,000 in Jul 2023. He received a total Additional Wage (AW) of \$100,000 in 2023.

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

$$\$102,000 - (\$6,000 \times 8) - (\$6,300 \times 4) = \$28,800$$

Re-calculation of AW ceiling in the **last month of employment** (Jun 2023):

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

Month / Year 2023	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	9,800	1,666	1,960
May	7,000	6,000	1,020	1,200	15,000	0	0	0
Jun	1,500	1,500	255	300		17,200	2,924	3,440
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 2023: 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 \$17,200. This is because the AW given to the employee up to Jun 2023 was only \$46,000, which is below the AW ceiling.

Jul 2023: 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 2023 and the company paid a bonus of \$18,500 in Jun 2023. He received a total Additional Wage (AW) of \$100,000 in 2023.

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 2023):

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

Month / Year 2023	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 2023: 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 2023 was only \$81,500, which is below the AW ceiling.

Jun 2023: 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 2023 and the company paid a bonus of \$62,372.64 in Jul 2023. He received a total Additional Wage (AW) of \$100,000 in 2023.

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

$$\$102,000 - (\$6,000 \times 8) - (\$6,300 \times 4) = \$28,800$$

Re-calculation of AW ceiling in the **last month of employment** (Jun 2023):

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

Month / Year 2023	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	25,000	22,195.58	3,773	4,439
Apr	7,000	6,000	1,020	1,200	6,022.94	0	0	0
May	7,000	6,000	1,020	1,200				
Jun	7,000	6,000	1,020	1,200		8,827.36	1,501	1,765
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 2023: 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 \$8,827.36 (\$2,804.42+ \$6,022.94). This is because the AW given to the employee up to Jun 2023 was only \$37,627.36, which is below the AW ceiling.

Total CPF payable in Jun 2023 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
25,000	Refer to (i) & (ii)	9,250	4,250	5,000
(i) (22,195.58)	Mar 2023 (capped at \$28,800)	(8,212)	(3,773)	(4,439)
(ii) 2,804.42	Jun 2023 (re-calculation)	1,038	477	561
6,022.94	Jun 2023 (re-calculation)	2,228	1,024	1,204
Total Contributions Payable on AW in Jun 2023		3,266	1,501	1,765

Jul 2023: Although the employer had paid the CPF shortfall on AW in Jun 2023, 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 2023 earned a monthly salary of \$10,000. He will be receiving a total Additional Wage (AW) of \$100,000 in 2023.

Estimated Additional Wage (AW) ceiling:
 $\$102,000 - (\$6,000 \times 8) - (\$6,300 \times 4) = \$28,800$

Month / Year 2023	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	870	900				
Aug	10,000	6,000	870	900	20,000	13,800	2,001	2,070
Sep	10,000	6,300	914	945				
Oct	10,000	6,300	914	945	65,000	0	0	0
Nov	10,000	6,300	914	945				
Dec	10,000	6,300	914	945				
Total	120,000	73,200	11,516	12,780	100,000	28,800	4,551	5,070

Your employee's AW subject to CPF in 2023 would be \$28,800. The remaining AW paid of \$71,200 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 2023, earned a monthly salary of \$7,000 from Jan to Jun 2023 and \$5,000 from Jul to Dec 2023. He will be receiving a total Additional Wage (AW) of \$100,000 in 2023.

Estimated Additional Wage (AW) ceiling before OW changed:
 $\$102,000 - (\$6,000 \times 8) - (\$6,300 \times 4) = \$28,800$

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

Month / Year 2023	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	8,800	1,496	1,760
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	725	750				
Aug	5,000	5,000	725	750	20,000	0	0	0
Sep	5,000	5,000	725	750				
Oct	5,000	5,000	725	750	20,000	0	0	0
Nov	5,000	5,000	725	750				
Dec	5,000	5,000	725	750	0	7,200	1,224	1,440
Total	72,000	66,000	10,470	11,700	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 \$7,200 in Dec 2023. The CPF shortfall on AW should be paid using the contribution rate as at Apr 2023 (37%) instead of Dec 2023 (29.5%), as the CPF shortfall arises from the AW paid in Apr 2023 (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 2023, earned a monthly salary of \$10,000 from Jan to Jun 2023 and \$5,000 from Jul to Dec 2023. He will be receiving a total Additional Wage (AW) of \$100,000 in 2023.

Estimated Additional Wage (AW) ceiling before OW changed:

$$\$102,000 - (\$6,000 \times 8) - (\$6,300 \times 4) = \$28,800$$

Re-calculation of AW ceiling at **end of the year**:

$$\$102,000 - (\$6,000 \times 6) - (\$5,000 \times 6) = \$36,000$$

Month / Year 2023	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	18,800	3,196	3,760
Jul	5,000	5,000	725	750				
Aug	5,000	5,000	725	750				
Sep	5,000	5,000	725	750				
Oct	5,000	5,000	725	750	68,000	0	0	0
Nov	5,000	5,000	725	750				
Dec	5,000	5,000	725	750		7,200	1,124	1,240
Total	90,000	66,000	10,470	11,700	100,000	36,000	6,020	7,000

The employer is required to re-calculate the AW ceiling and pay the CPF shortfall on AW of \$7,200 in Dec 2023.

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

- Balance of \$3,200 paid in Jun 2023 should use the contribution rate as at Jun 2023 (37%)
- Balance of \$4,000 paid in Oct 2023 should use the contribution rate as at Oct 2023 (29.5%)

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

My employee who turned 55 years old in Jun 2023, earned a monthly salary of \$7,000. He resigned in Aug 2023. He received a total Additional Wage (AW) of \$100,000 in 2023.

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

$$\$102,000 - (\$6,000 \times 8) - (\$6,300 \times 4) = \$28,800$$

Re-calculation of AW ceiling in the **last month of employment** (Aug 2023):

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

Month / Year 2023	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	28,800	4,896	5,760
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	870	900				
Aug	7,000	6,000	870	900	60,000	25,200	3,934	4,340
Total	56,000	48,000	7,860	9,000	100,000	54,000	8,830	10,100

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 \$25,200 in Aug 2023.

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

- Balance of \$11,200 paid in Jan 2023 should use the contribution rate as at Jan 2023 (37%)
- Balance of \$14,000 (\$54,000 - \$40,000) should use the contribution rate as at Aug 2023 (29.5%)

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

My employee who turned 55 years old in Jun 2023 earned a monthly salary of \$7,000 from Feb 2023. He resigned in early Nov 2023 and his salary was prorated to \$2,000. The company paid an AW of \$60,000 in Dec 2023. He received a total Additional Wage (AW) of \$100,000 in 2023.

Estimated Additional Wage (AW) ceiling at the **start of the year**:
 $\$102,000 - (\$6,000 \times 7) - (\$6,300 \times 4) = \$ 34,800$

Re-calculation of AW ceiling in the **last month of employment** (Nov 2023):
 $\$102,000 - [(\$6,000 \times 7) - (\$6,300 \times 2) - \$2,000] = \$ 45,400$

Month / Year 2023	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	34,800	5,916	6,960
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	870	900				
Aug	7,000	6,000	870	900				
Sep	7,000	6,300	914	945				
Oct	7,000	6,300	914	945				
Nov	2,000	2,000	290	300		5,200	884	1,040
Dec					60,000	5,400	783	810
Total	65,000	56,600	8,958	9,990	100,000	45,400	7,583	8,810

Nov 2023: 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 \$ 5,200. This is because the AW given to the employee up to Nov 2023 was \$40,000.

Dec 2023: 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 \$5,400.

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

- a) Balance of \$5,200 paid in Nov 2023 should use the contribution rate as at Feb 2023 (37%)
- b) Balance of \$5,400 (\$45,400 - \$40,000) should use the contribution rate as at Dec 2023 (29.5%)

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

My employee who turned 55 years old in Mar 2023 earned a monthly salary of \$7,000. He resigned in Jun 2023 and the company paid an AW of \$62,372.64 in Jul 2023. He received a total Additional Wage (AW) of \$100,000 in 2023.

Estimated Additional Wage (AW) ceiling at the **start of the year**:
 $\$102,000 - (\$6,000 \times 8) - (\$6,300 \times 4) = \$28,800$

AW ceiling as at **last month of employment** (Jun 2023):
 $\$102,000 - (\$6,000 \times 6) = \$66,000$

Month / Year 2023	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	22,195.58	3,773	4,439
Apr	7,000	6,000	870	900	7,022.44	0	0	0
May	7,000	6,000	870	900				
Jun	7,000	6,000	870	900		8,827.36	1,327	1,413
Jul					62,372.64	28,372.64	4,115	4,255
Total	42,000	36,000	5,670	6,300	100,000	66,000	10,339	11,427

Jun 2023: 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 \$8,827.36. This is because the AW given to the employee up to Jun 2023 was only \$37,627.36, which is below the AW ceiling.

The total CPF payable in Jun 2023 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	4,081	4,799
(i) (22,195.58)	Mar 2023 (capped at \$28,800)	8,212	3,773	4,439
(ii) 1,804.92	Jun 2023 (re-calculation)	668	308	360
7,022.44	Jun 2023 (re-calculation)	2,072	1,019	1,053
Total Contributions Payable on AW in Jun 2023		2,740	1,327	1,413

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

- a) Balance of \$1,804.92 paid in Mar 2023 should use the contribution rate as at Mar 2023 (37%)
- b) Balance of \$7,022.44 paid in Apr 2023 should use the contribution rate as at Apr 2023 (29.5%)

Jul 2023: 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 2023. He received Additional Wages (AW) of \$50,000 in Feb 2023. He then resigned in Apr 2023.

Subsequently, he re-joined the company in Sep 2023 with a monthly salary of \$11,000. He also received another AW of \$50,000 in Dec 2023. He received a total Additional Wage (AW) of \$100,000 in 2023.

<p>Estimated Additional Wage (AW) ceiling at the start of the year: $\\$102,000 - (\\$6,000 \times 8) - (\\$6,300 \times 4) = \\$28,800$</p> <p>AW ceiling as at last month of employment (Apr 2023): $\\$102,000 - (\\$6,000 \times 4) = \\$78,000$</p> <p>Re-calculation of AW ceiling at end of the year after re-joined: $\\$102,000 - (\\$6,000 \times 4) - (\\$6,300 \times 4) = \\$52,800$</p>
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Month / Year 2023	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	28,800	4,896	5,760
Mar	10,000	6,000	1,020	1,200				
Apr	10,000	6,000	1,020	1,200		21,200	3,604	4,240
May								
Jun								
Jul								
Aug								
Sep	11,000	6,300	1,071	1,260				
Oct	11,000	6,300	1,071	1,260				
Nov	11,000	6,300	1,071	1,260				
Dec	11,000	6,300	1,071	1,260	50,000	2,800	476	560

Total	84,000	49,200	8,364	9,840	100,000	52,800	8,976	10,560
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Apr 2023: 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 \$21,200.

Dec 2023: As the employee re-joined the company in Sep 2023, the employer is required to re-calculate the AW ceiling and pay the CPF on the balance AW of \$2,800.

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 2023.

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

Month / Year 2023	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	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 2023, 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.