

WHAT ARE ORDINARY WAGES (OW)?

Wages due or granted wholly and exclusively in respect of an employee's employment in that month

and

Wages payable before the due date for payment of CPF contributions for that month

💰 An example of OW is the monthly salary.

WHAT ARE ADDITIONAL WAGES (AW)?

Wages which are **not** granted wholly and exclusively for the month

or

Wages made at intervals of **more than a month**

💰 An example of AW is the annual bonus.

USEFUL RESOURCE

EXAMPLES ON AW CEILING COMPUTATION



cpf.gov.sg > 'Employers' > 'Employer Guides' > 'Paying CPF Contributions' > 'Adjustment and Refund of CPF Contributions' > 'Examples on the Computation of AW Ceiling'

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HAVE YOU PAID EXCESS CPF CONTRIBUTIONS?



For more enquiries on the refund of excess CPF contributions, please email to employer-refund@cpf.gov.sg.

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

As an employer, you play an important role in helping your employees meet their basic needs in retirement. As such, it is crucial that you make correct and timely contributions to their CPF.

To avoid making incorrect contributions:

- Review and recalculate the AW Ceiling in either December or the employee's last month of employment, whichever is earlier.
- Use the CPF AW Ceiling Calculator to compute the AW Ceiling for your employees.

Try out the AW Ceiling Calculator now!



cpf.gov.sg > 'Employers' > 'Tools' > 'Additional Wage Ceiling Calculator'



MYTHS

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

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

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

✗ The AW Ceiling is calculated on a monthly basis.

FACTS

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

✓ The AW Ceiling is derived from a formula that is calculated as follows:
***\$102,000 less Total Ordinary Wages (OW) that is CPF payable for the entire year.**

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

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



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