HKGCC

Hong Kong General Chamber of Commerce
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Mr Cheng Yan-chee
Managing Director
Mandatory Provident Fund Schemes Authority
Level 12, Tower 1, The Millennity
98 How Ming Street, Kwun Tong
Hong Kong

Dear Mr Cheng, Yan-chee,

Response to the Proposals to Enhance the Recovery Process of Default Mandatory Provident Fund Contributions

The Hong Kong General Chamber of Commerce appreciates the opportunity to express views on the proposals to enhance the recovery process of default Mandatory Provident Fund (MPF) contributions.

While the Chamber fully supports the Mandatory Provident Fund Schemes Authority's (MPFA) commitment to promoting timely MPF contributions, we have great reservation over the proposed two-tier surcharge system, particularly the application of penalty multipliers for repeat offenders. We reckon that a rigid, fixed-penalty framework does not adequately reflect the varying circumstances of non-compliance. In lieu of a rigid two-tier fixed penalty structure, we recommend introducing an interest-based surcharge mechanism, which would be more proportionate and equitable.

With many SMEs currently operating on narrow profit margins due to escalating costs and economic uncertainty, the adoption of a stringent penalty system would pose the risk of pushing enterprises into severe financial distress. Such an outcome would affect job security and the stability of long-term MPF contributions, ultimately undermining Hong Kong's competitiveness. Conversely, an interest-linked mechanism would ensure a fairer and more balanced system by adjusting penalties proportionately with the specific duration and amount of arrears. This approach would also deter intentional non-compliance without imposing an excessive financial burden on employers facing short-term liquidity constraints, as opposed to those deliberately withholding contributions.

In conclusion, we believe the MPF penalty framework should prioritize proportionality and practicality, ensuring compliance effectively without resorting to punitive measures against responsible business owners. We hope that MPFA could further review the proposed measures in a holistic manner to uphold Hong Kong's competitive edge and give due consideration to our suggestion.

Thank you for your attention.

Yours sincerely,

Patrick Yeung
CEO