



## **Tax Alert: Waive the Tax on Fringe Benefits on some allowances and 2017 minimum wage for factory workers**

Circular 011 MEF and Prakas 414 MLVT

Following many requests for confirmation and clarification from taxpayers on Circular 002 dated 20 January 2015, the Ministry of Economy and Finance has issued Circular 011 dated 6 October 2016 to waive Tax on Fringe Benefits (TOFB) on the below benefits.

1. Commuting allowance and accommodation allowance/provided accommodation within the work premises in accordance with the Labour Law
2. Meal allowance to all workers/employees equally regardless of position or job classification
3. National Social Security Fund or social welfare fund stipulated in the law
4. Health or life insurance premium/compensation provided to all workers/employees equally regardless of position or job classification
5. Child allowance or nursery expense provided in the Labour Law
6. Severance pay for termination or indemnity for layoff provided in the Labour Law.

To receive the above exemption, factories and enterprises must submit an internal policy or employment manual to the GDT for each determined period.

The previous Circular MEF 002 which waives the TOFB on the above allowances for only workers of factories is abrogated.

Moreover, the Ministry of Labour and Vocational Training issued a Prakas 414 MLVT dated 29 September 2016 on the increase in the minimum wage for workers or employees in the textile,

garment and footwear industries from USD148 to USD153 per month. The new rate is effective from 1 January 2017.

Should you have any questions, please contact us.

Best regards,  
Kimsroy CHHIV  
Director

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