

## INFORMATION NOTE

### Payment of End of Year Bonus

1. Following amendments brought to the Workers' Rights Act by the Finance (Miscellaneous Provisions) Act 2020, it is brought to the attention of Members that the payment of the End of Year Bonus is now regulated by:
  - (a) Section 54 of the **Workers' Rights Act** for workers drawing a monthly basic wage or salary of not more than Rs100,000 and
  - (b) The **End of Year Gratuity Act 2001** for workers drawing basic wages in excess of Rs100,000 per month.
2. Section 54 of the **Workers' Rights Act** provides that where a worker, drawing a monthly basic wage or salary of not more than Rs100,000, remains in the continuous employment of an employer for the whole or part of a year as at 31 December, the worker shall be entitled to the payment of a bonus equivalent to one-twelfth (1/12<sup>th</sup>) of his earnings for that year.
3. Under the Act, "**earnings**" is defined as including:
  - (a) basic wages
  - (b) overtime payment
  - (c) leaves payment
  - (d) any sum of money by whatever name called, including commission and any productivity payment, paid to a worker, in respect of any work performed by him, in addition to the basic wages agreed upon between him and the employer and
  - (e) any allowance paid under any Remuneration Regulations or Wages Regulations.
4. According to the **End of Year Gratuity Act 2001**, employees in employment as at 31 December, drawing monthly basic wages in excess of Rs100,000 are entitled to an end of year gratuity equivalent:
  - (a) to the basic wage in respect of the month of December, if he has been in continuous employment for the whole of the year, or
  - (b) the basic wage in respect of the month of December on a pro-rata basis according to the number of months worked, if he has been in continuous employment for part of the year.

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5. The **End of Year Gratuity Act 2001** also provides that where the basic wage of an employee for the month of December is higher than 1/12th of his earnings for the year, the employee shall be paid his basic wage for the month of December as end of year bonus.
6. A sum amounting to 75 per cent of the End of Year Bonus/End of year gratuity shall be paid to the worker not later than 5 clear working days before 25 December, and the remaining balance shall be paid to him not later than on the last working day of the year.
7. For workers whose conditions of employment are covered by the Sugar Industry (Agricultural and Non-Agricultural Workers), Livestock Workers, Field-crop and Orchard Workers and Banks Fishermen and Frigo Workers Remuneration Regulations, there are specific provisions which are provided for the payment of the end of year bonus in the respective Regulations.