

Payment of Back Pay of Seniority Payment before 2019 and New Seniority Payment in 2020 and 2021 for Factories/Enterprises in the Manufacturing Sector

Ministry of Labour and Vocational Training (MLVT) – Notification No. 003/21 dated 21 January 2021 on Payment of Back Pay of Seniority Payment before 2019 and New Seniority Payment in 2020 and 2021 for Factories/Enterprises in the Manufacturing Sector (“Notification No. 003/21”)

The seniority payment applies only to the employees/workers who have the Undetermined Duration Contracts (UDCs). The seniority payment has two components:

- **Back pay of seniority payment before 2019** (This is applicable to employment seniority before 2019 i.e. from 2008 to 2018. It is paid in instalment for up to 156 days, depending on the seniority period of each employee/worker. Currently, the backpay of seniority payment is payable in June and December by enterprises in the textiles, garment, and footwear sector. The back pay of seniority payment by sectors other than the textiles, garment, and footwear sector is postponed until December 2021).
- **New seniority payment** (applicable to all sectors and for employment seniority from 2019 onwards. This is payable in June and December each year).

Due to the impact of the Covid-19 pandemic, the MLVT issued Notification No. 018/20 dated 02 June 2020 to postpone the payment of back pay of seniority payment before 2019 (for the textile, garment and footwear sector) and the new seniority payment in 2020 (for all sectors) until 2021.

In accordance with Notification No. 003/21, the payment of back pay of seniority payment before 2019 and seniority payment in 2020 and 2021 for workers/employees who are working in the manufacturing sector and for those who are applying for the UDCs is resumed or re-implemented in 2021 as follows:

- **Back pay of seniority payment before 2019**
 - Back pay of seniority payment before 2019 (if any) to be paid in 2020 shall be paid in the first (1st) and the third (3rd) quarter.
 - Back pay of seniority payment before 2019 (if any) to be paid in 2021 shall be paid in the second (2nd) and the fourth (4th) quarter.

- **New Seniority payment in 2020 and 2021**
 - New Seniority payment in 2020 shall be paid in the first (1st) and the third (3rd) quarter.
 - New Seniority payment in 2021 shall be paid in the second (2nd) and the fourth (4th) quarter.

Note that employees/workers and employers may negotiate about the procedure and specific dates for the above payment, according to the actual business conditions of each factory/enterprise.

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