

OVERTIME

UNDER THE 2022 AMENDMENT EMPLOYMENT ACT 1955

- The Employment Act 1955 defines 'overtime' as **work carried out in excess of the normal hours of work per day.**
- Under the amended First Schedule of Employment Act 1955, **employees with wages exceeding RM4,000 are not statutorily entitled to overtime payment.**
- Therefore, overtime payment for an employee working in excess of their normal hours of work **would only apply to person specified in Paragraph 1 and Paragraph 2 of the First Schedule of the Employment Act 1955, namely where an employee is:**
 - **earning RM4,000 and below;**
 - **engaged in a manual labour including artisan or apprentice;**
 - **engaged in operation and maintenance of mechanically propelled vehicle operated for transport of passengers, goods or etc; or**
 - **supervising or overseeing other employees engaged in manual labour**

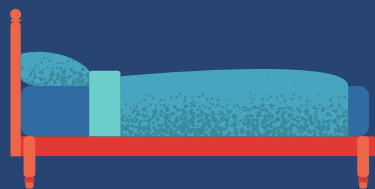
WHEN ARE THE EMPLOYEES ENTITLED TO OVERTIME PAYMENT?

Section 60A(3)(a)



Overtime
beyond normal
working hours

Section 60(3)



Overtime
during a
Non-Working
Day

Section 60D(3)



Overtime
during a
public holiday

Ordinary Rate of Pay (ORP) & Hourly Rate of Pay (HRP)

ORDINARY RATE OF PAY (ORP)

Monthly Rate of Pay

26

Illustration

Ahmad earns RM4,000 per month, thus, Ahmad's Ordinary Rate of Pay is:

$$\frac{\text{RM4,000}}{26} = \text{RM153.85 per day}$$

HOURLY RATE OF PAY

Monthly Rate of Pay $\times \frac{1}{8}$

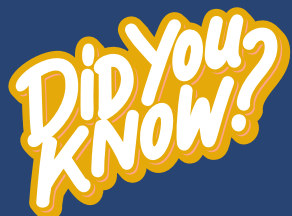
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8

Illustration

Ahmad's ORP is RM153.85 per day and his normal working hours is 8 hours, thus, Ahmad's **Hourly Rate of Pay** is:

$$\frac{\text{RM4,000}}{26} \times \frac{1}{8} = \text{RM19.23 per hour}$$



Pursuant to the recent Employment (Amendment) Act 2022, the working hours have now been amended to **45 hours per week.**



HOW TO CALCULATE OVERTIME PAYMENT?

Description	Rate (RM)	Illustrations
Work done on Normal Working Day in excess of normal working hours	HRP x 1.5	<p>Ahmad's working hours is 8 hours per day. He worked overtime for another 3 hours. Ahmad is entitled to his Ordinary Rate of Pay + overtime payment of:</p> $\text{HRP} = \frac{\text{Monthly Rate of Pay}}{26} \times \frac{1}{8}$ $\text{RM19.23} = \frac{\text{RM4,000}}{26} \times \frac{1}{8}$ <p>(RM153.85) + (RM19.23 x 1.5 x 3 hours) = RM240.39</p>
Work done on Rest Day within normal working hours*	Half of normal working hours = ORP x 0.5	<p>Ahmad's working hours is 8 hours per day. He worked on Sunday only for 4 hours (half of the normal working hours) Ahmad is entitled to a pay of:</p> $\text{ORP} = \frac{\text{Monthly Rate of Pay}}{26}$ $\text{RM153.85} = \frac{\text{RM4,000}}{26}$ <p>RM153.85 x 0.5 = RM76.93</p>
	More than half but does not exceed normal working hours = ORP x 1.0	<p>Ahmad's working hours is 8 hours per day. He worked on Sunday only for 6 hours. Ahmad is entitled to a pay of:</p> $\text{ORP} = \frac{\text{Monthly Rate of Pay}}{26}$ $\text{RM153.85} = \frac{\text{RM4,000}}{26}$ <p>RM153.85 x 1.0 = RM153.85</p>

*Rate of pay differs for employees employed on a daily, hourly or other similar rate of pay

HOW TO CALCULATE OVERTIME PAYMENT?

Description	Rate (RM)	Illustrations
Work done on Rest Day in excess of normal working hours	HRP x 2.0	<p>Ahmad's working hours is 8 hours per day. He worked on Sunday (his rest day) and overtime for another extra 3 hours. Ahmad is entitled to his Ordinary Rate of Pay (ORP x 1.0) + overtime payment of (HRP x 2.0):</p> $\text{HRP} = \frac{\text{Monthly Rate of Pay}}{26} \times \frac{1}{8}$ $\text{RM19.23} = \frac{\text{RM4,000}}{26} \times \frac{1}{8}$ <p>(RM153.85 x 1.0) + (RM19.23 x 2.0 x 3 hours) = RM269.23</p>
Work done during Public Holiday within normal working hours	ORP x 2.0	<p>Ahmad's working hours is 8 hours per day. He worked during National Day Public Holiday for any duration within his normal working hours. Ahmad is entitled to a payment of:</p> $\text{ORP} = \frac{\text{Monthly Rate of Pay}}{26}$ $\text{RM153.85} = \frac{\text{RM4,000}}{26}$ <p>RM153.85 x 2.0 = RM307.70</p>
Work done during Public Holiday in excess of normal working hours	HRP x 3.0	<p>Ahmad's working hours is 8 hours per day He worked the full 8 hours during National Day Public Holiday and overtime for another 3 hours. Ahmad is entitled to his Ordinary Rate of Pay during Public Holiday (ORP x 2.0) + overtime payment of (HRP x 3.0):</p> $\text{HRP} = \frac{\text{Monthly Rate of Pay}}{26} \times \frac{1}{8}$ $\text{RM19.23} = \frac{\text{RM4,000}}{26} \times \frac{1}{8}$ <p>(RM153.85 x 2.0) + (RM19.23 x 3.0 x 3 hours) = RM480.77</p>

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For more insight into this area of law, please contact our Partners in the **Employment & Industrial Relations Practice Group**:



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