

香港特別行政區政府
財經事務及庫務局
財經事務科
香港添馬添美道二號
政府總部二十四樓



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FINANCIAL SERVICES BRANCH
FINANCIAL SERVICES AND
THE TREASURY BUREAU
GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION

24TH FLOOR
CENTRAL GOVERNMENT OFFICES
2 TIM MEI AVENUE
TAMAR
HONG KONG

電話 TEL.: 2810 2061
圖文傳真 FAX.: 2529 1663
本函檔號 OUR REF.: MPF/2/1/36C
來函檔號 YOUR REF.: CB1/PL/FA

By email

31 December 2020

Ms Connie SZETO
Clerk to Panel
Panel on Financial Affairs
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms Szeto,

**Panel on Financial Affairs
Meeting on 4 January 2021**

Thank you for your letter dated 8 December concerning the captioned meeting during which the eMPF Platform Project will be discussed under agenda item III. In response to Members' requests for information about early withdrawal of accrued benefits of the Mandatory Provident Fund ("MPF") schemes to meet short-term needs and the grounds of permanent departure from Hong Kong, our replies are as follows.

Early withdrawal of MPF accrued benefits derived from employees' contributions

The Government understands the varying degree of impact on people's daily lives and business operation brought by the continual COVID-19 epidemic and the associated anti-epidemic measures. There

was a suggestion to allow members of the public to make early withdrawal of MPF accrued benefits in order to address their imminent needs in this critical period of time. The Chief Secretary for Administration said at the meeting of the Finance Committee held on 21 December 2020 that the issue would be followed up. After further deliberation within the Government and thorough consideration of relevant policy objectives and long-term implications, it was unanimously considered not appropriate to pursue the suggestion, and thus we have no intention at this stage to allow members of the public to make early withdrawal of MPF accrued benefits derived from employees' contributions.

The MPF System is a long-term saving scheme for retirement. Its design is to allow the steady accumulation of MPF benefits in the MPF accounts for investment and value growth during the working life of scheme members. Accrued benefits should be preserved in the System as far as possible and should only be withdrawn upon retirement of the employees. Therefore, the MPF legislation only allows scheme members to make early withdrawal of accrued benefits before reaching the retirement age under certain exceptional circumstances.

Any proposals allowing early withdrawal of accrued benefits from MPF System must take into consideration the corresponding reduction of scheme members' accrued benefits meant for their retirement. If we were to relax the preservation requirement on accrued benefits and allow scheme members to make early withdrawal to meet short-term financial needs or contingency, there would be leakage of the accrued benefits from the system from time to time and damage the accumulation for value growth, thereby undermining the integrity of the MPF system and rendering it difficult to achieve the purpose of assisting the working population to save for their retirement.

In fact, in the face of the impact on different sectors of the community brought by the epidemic, the Government has introduced multi-faceted relief measures of more than \$300 billion, through the Budget and the Anti-epidemic Fund ("AEF"), to help the community weather the difficult times. These measures focus on providing targeted support to industries and people that have been hard-hit by the epidemic. The Government will continue with our anti-epidemic efforts to suppress the epidemic so that our economic activities and daily lives could resume normal as soon as possible.

Withdrawing MPF benefits on the grounds of permanent departure

As mentioned above, the MPF legislation provides for early withdrawal of accrued benefits only under exceptional circumstances, and permanent departure from Hong Kong is one of these exceptions. Section 158(2) of the Mandatory Provident Fund Schemes (General) Regulation (Cap. 485A) (“the Regulation”) provides that a member departs from Hong Kong permanently if the member departs from Hong Kong to reside elsewhere with no intention of returning for employment or to resettle in Hong Kong as a permanent resident.

Section 163(1) of the Regulation provides that a member of a MPF scheme who, before reaching the retirement age, wishes to be paid the member’s accrued benefits in the scheme on the grounds that he/she has departed, or is about to depart, from Hong Kong permanently, must lodge with the approved trustee of the scheme a claim for payment of the member’s accrued benefits in accordance with that statutory provision. The claim must be in a form specified or approved by the Mandatory Provident Fund Schemes Authority (“MPFA”). Section 163(2) of the Regulation further provides that the claim must be accompanied by –

- (a) a statutory declaration by the claimant that the claimant departed, or will depart, from Hong Kong permanently on a specified date; and
- (b) evidence satisfactory to the approved trustee of the scheme that the claimant is permitted to reside in a place other than Hong Kong.

A person may only claim early withdrawal of accrued benefits on the grounds of permanent departure from Hong Kong once under the relevant legislation. Approved trustees will notify the MPFA when they receive withdrawal requests from scheme members on the grounds of permanent departure from Hong Kong in order to verify if the scheme member has previously applied for withdrawing MPF benefits on the same grounds.

Applicants for early withdrawal of accrued benefits on the grounds of permanent departure from Hong Kong are required to submit the claim form and produce the following information / documents to the MPF trustees for verification and consideration –

- (a) a copy of the HKID card;

- (b) a copy of the documents / evidence that the scheme member is permitted to reside in a place other than Hong Kong (e.g. immigration visa / foreign passport);
- (c) a statutory declaration form on permanent departure;
- (d) a copy of the Letter of Release issued by the Inland Revenue Department¹ (“IRD”), if applicable;
- (e) information on overseas settlement; and
- (f) reason(s) for permanent departure.

The claimant is required to contact the trustee of the MPF scheme to make a withdrawal request with supporting documents and information. In general, possession of a travel document alone does not prove that the claimant has been allowed to live in a place other than Hong Kong. The applicant must provide other supporting documents, such as a residence permit issued by the relevant department of the place of destination and the proof of the residential address of the rented or purchased property in the place of migration, public utility account information (e.g. water/electricity bills), or departure tax clearance documents issued by the IRD of Hong Kong, for trustees’ consideration and approval. Under general circumstances, upon receipt of all required documents, the trustee will pay the accrued benefits to the claimant within 30 days if the trustee considers itself satisfied that the claimant is entitled to receive the payment.

Yours sincerely,



(Miss Cheryl CHOW)
for Secretary for Financial Services and the Treasury

c.c. MPFA

¹ Letter of Release is a document issued by the IRD to an employee and his employer upon the employee’s completion of the tax clearance procedures before his departure from Hong Kong.