NEW REGULATION ON THE RELIGIOUS HOLIDAY ALLOWANCE (“THR”)

On 8 March 2016, the Minister of Manpower issued Minister of Manpower Regulation No. 6 of 2016 on the Religious Holiday Allowance for Employees (“**MOM Reg 6/2016**”).

The major change from the previous regulation is that MOM Reg 6/2016 requires employers to pay the THR to employees who have worked for at least one month as either permanent or temporary employees. In the previous regulation, the THR had to be paid to employees who had worked for at least three months. Under MOM Reg 6/2016, the THR should be paid in cash, while under the previous regulation the THR could be paid by other means as long as the value was similar. The regulation also covers THR for freelance workers, which no Manpower regulation has ever done before.

Under MOM Reg 6/2016, the Employee who has 12 (twelve) months continuous or more working period is entitled to 1 (one) month salary. The Employee who has 1 (one) month continuous but less than 12 (twelve) months working period is entitled to the religious day allowance on pro rata basis with the following calculation:

$$\frac{\text{Working Period x 1 month salary}}{12}$$

If a permanent employee is terminated less than thirty days before the Religious Holiday, he/she is still entitled to the full THR. However, this does not apply to non-permanent workers whose work ceases before the Religious Holiday.