

Retail Industry
Annex to Statutory Minimum Wage : Industry-specific Reference
Guidelines

Examples of computing minimum wage

- The revised Statutory Minimum Wage (SMW) rate of **\$34.5 per hour** is in effect from **1 May 2017**.
- With effect from **1 May 2017**, the monetary cap on the requirement of employers keeping records of the total number of hours worked by employees is **\$14,100** per month.
- For illustration purpose, figures are rounded to one decimal place in examples involving non-integer calculations.

Examples

Q 1 : A shop assistant's wage period is a calendar month. In a 31-day wage period, he works 27 days, takes 4 **paid** rest days and his total number of hours worked is 256 (including 2 hours of no-pay overtime work). For this month, he is paid \$10,500, including basic salary of \$8,500, travelling allowance of \$1,000 and attendance bonus of \$1,000. How much is his minimum wage for this month? Does his monthly wage meet the minimum wage requirement?

A 1 : (a) Minimum wage according to the total number of hours worked for this month:
256 hours (total number of hours worked) × \$34.5 (SMW rate) = \$8,832

(b) Wages payable to the employee in respect of this month:
\$9,145.2 [(\$8,500 + \$1,000 + \$1,000) – \$1,354.8 (pay for 4 rest days)¹]²

¹ Whether rest days are with pay or otherwise and the calculation method of rest day pay (including whether rest days are remunerated at the SMW rate) are employment terms in accordance with the employment contract or agreement between employers and employees. In this example, it is assumed that rest day pay is the payment made to the employee for time that is not hours worked and rest day pay for 4 days is \$1,354.8 (\$10,500 ÷ 31 days × 4 rest days). The amount of rest day pay may vary if the number of calendar days or the number of rest days in the relevant month or its calculation method as agreed between employers and employees is different from this example.

² Since the calculation of minimum wage excludes the time that is not hours worked, payment made to the employee for any time that is not hours worked (e.g. rest day

If (b) is not less than (a), the minimum wage requirement is met.

If (b) is less than (a), the employer has to pay additional remuneration to meet the minimum wage requirement.

In this example, since (b) is not less than (a), his monthly wage of \$10,500 has met the minimum wage requirement.

Q 2 : A sales representative's monthly wage is \$9,800 and wage period is a calendar month. He works 9 hours per day and 6 days per week with **paid** rest day. In a 31-day wage period, he works 26 days without overtime work, and takes 4 rest days and 1 paid statutory holiday. How much is his minimum wage for this month? Does his monthly wage meet the minimum wage requirement?

A 2 : (a) Minimum wage according to the total number of hours worked for this month:

$$(26 \times 9) \text{ hours (total number of hours worked)} \times \$34.5 \text{ (SMW rate)} = \$8,073$$

(b) Wages payable to the employee in respect of this month:
 $\$8,213.3 [\$9,800 - \$1,264.5 \text{ (pay for 4 rest days)}^3 - \$322.2 \text{ (pay for 1 statutory holiday)}^4]^2$

In this example, since (b) is not less than (a), his monthly wage of \$9,800 has met the minimum wage requirement.

pay, holiday pay, annual leave pay, maternity leave pay, paternity leave pay, sickness allowance, etc.) must not be counted as part of the wages payable to the employee in respect of a wage period for computing minimum wage. For rest day pay, holiday pay, annual leave pay, maternity leave pay, paternity leave pay, sickness allowance, etc., hypothetical figures are used in this set of *Industry-specific Reference Guidelines* for illustration only, and the actual amount should be calculated according to the Employment Ordinance and the contract of employment.

³ Assumptions: Rest day pay is the payment made to the employee for time that is not hours worked. Rest day pay for 4 days is: $\$9,800 \div 31 \text{ days} \times 4 \text{ days} = \$1,264.5$.

⁴ Calculating statutory holiday pay on the basis of the 12-month average wages assuming that the monthly salary was \$9,800 in the past 12 months without any periods or wages to be disregarded:

$$\frac{9,800 \times 12 - 0 (\$)}{365 - 0 \text{ (days)}} = \$322.2$$

For details about calculating statutory entitlements on the basis of the 12-month average wages, please refer to *A Concise Guide to the Employment Ordinance*.

Q 3 : A shop assistant's wage period is a calendar month. He performs 10 hours' overtime work in June at the direction of his employer. His employer makes overtime pay of \$800 to him on 7 July. For which wage period should the overtime hours and overtime pay be counted in computing minimum wage?

A 3 : In this example, since the 10 hours of overtime work are performed in June, such hours should be included in the wage period of June in computing minimum wage of this employee.

Similarly, since overtime pay (i.e. \$800) is wages payable in respect of the wage period of June, in computing minimum wage, such payment should be counted as part of the wages of the wage period of June.

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