

RE: Standard Overtime Rates

Overtime entitlements under the Employment Act in Malaysia. Process Overtime Days or Overtime Hours.

For employees paid on a monthly basis, overtime entitlements under the Employment Act are as follows:

**1. Working in excess of normal working hours on a normal work day:** 1.5x hourly rate of pay\*\*

**2. Rest day (follow normal working hours):**

- Where work does not exceed half his normal hours of work:  $\frac{1}{2}$  the ordinary rate of pay\* for work done on that day
- Where work is more than half but does not exceed normal hours of work: 1 full day's wages at the ordinary rate of pay\*

**3. Rest day (working in excess of normal working hours):** 2x hourly rate of pay\*\*

**4. Public Holiday (follow normal workings hours):** 2 days wages at ordinary rate of pay\*

**5. Public holiday (excess of normal working hours):** 3x hourly rate of pay\*\*

\* "**Ordinary rate of pay**" - employee's "daily" wage, which is calculated by dividing the employee's monthly salary by 26.

\*\* "**Hourly rate of pay**" - the ordinary rate of pay divided by the normal hours of work.

### How to calculate Ordinary Rate of Pay and Hourly Rate of Pay?

For example, an employee who works 8 hours a day for a monthly salary of RM2,600.00:

1. He/she will have an **ordinary rate of pay** of **RM100** ( $RM2,600 / 26 = RM100$ ).
2. The same employee's **hourly rate of pay** would be **RM12.50** ( $RM100 / 8 \text{ hours} = RM12.50$ )

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In the event that an employee was asked to work on a public holiday during his/her normal working hours, his/her overtime payment for that day would be **RM 200.00** ( $RM100 \times 2$ ).

Do note that employees not under the Employment Act are not entitled to overtime payments.

All OT hours' arrangement will be arrange by respective HODs in ensuring quality OT hours being spent.

Yours sincerely,

 M.D