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Understanding Brunei's Employment Laws & Regulations

Overview

Brunei

Brunei is an ever-growing economy country, with one of the fastest-growing economies globally. Brunei's economy is placed 135th worldwide in terms of nominal Gross Domestic Product (GDP) and is set to climb higher as the country progresses in their economic journey. The Agriculture, Industry and Services sectors are Brunei's largest industries. The Industry sector accounts for 62.7% of the country's GDP, while the Services and Agriculture sectors contribute 37.63% and 1.26%, respectively.



Capital
Bandar Seri Begawan



Population
429,999



Currency
Brunei Dollar (BND, B\$)



GDP Per Capita
USD 31,723
(as of 2021)

1. Brunei's Employment Law

Employment Order, 2009

- The main legislation governing the terms and conditions of employment in Brunei Darussalam.
- As it states the minimum terms and conditions of employment, Employers are encouraged to provide better terms and conditions than those stipulated.
- Respect and fulfil workers' rights, such as working hours, rest days, overtime payment, paid leave and maternity leave for all workers.

Workmen's Compensation Act, 1957

- The main aim of this act is to compensate an injured worker for the loss of earning capacity due to an injury arising out of and during employment.

Workplace Safety and Health Order, 2009

- It is an order relating to the safety, health and welfare of employees at work in workplaces.

Employment Agencies Order, 2004

- This Order is designed to regulate the employment agency activities within Brunei Darussalam.
- Aimed to prevent human/labour trafficking, forgery of documents and irresponsible employment agencies.
- Protection of employers and employees.

Employment Information Act, 1974

- It provides for the collection of information regarding employed persons in the private sector.
- An annual census will be conducted by the Department of Labour every year, and employers are required to submit the report by 30th November yearly.

2. Employment Contract Service

- A contract of service creates an employer and an employee relationship between the two parties.
- It shall be in writing and signed by both parties (subject to Section 10 of the Employment Order, 2009).
- The agreed terms and conditions of employment cannot be less favourable than the Employment Order, 2009.
- Any employer who fails to provide a contract of service is guilty of an offence and liable on conviction to a fine not exceeding \$3,000, imprisonment for a term not exceeding one year or both.

3. Probationary Period

- Upon appointment as an employee of the company, the employee shall undergo a probation period of 90 consecutive days.
- If the employee’s position is not confirmed, the company may extend the probation period to another 90 consecutive days, subject to the company’s discretion. No further extension is allowed after the 1st extension.
- During the probation period, the employee or the employer may terminate the contract per the written Termination Clause agreed in the Contract of Employment. If the Termination Clause is not stated in the contract, the employee on probation may terminate their contract without notice.
- An employee on probation found unfit for the job may be dismissed by the employer without notice and severance pay.

4. Working Hours

	Duration
Non-shift Worker	<ul style="list-style-type: none"> • Not more than 8 hours in one day/Not more than 44 hours in one week. • Not more than 12 hours in a day (inclusive of overtime work). • Not required to work more than 6 consecutive hours without a leisure period.
Shift Worker	<ul style="list-style-type: none"> • May be required to work for more than 6 consecutive hours, for more than 8 hours in any one day or for more than 44 hours in any one week. However, the average number of hours worked over any continuous period of 3 weeks shall not exceed 44 hours per week. (e.g., 11 hours, 4 days/week). • Not allowed to work for more than 12 hours a day under any circumstances.

The employee may be required by their employer to exceed their working hours limit and to work on a rest day or public holiday in case of:

- Accident, actual or threatened;
- Work which is essential to the life of the community;
- Work which is crucial to national defence or security;
- Urgent work to be done to machinery or plant;
- An interruption of work which was impossible to foresee.

All work exceeding the above stipulated hours shall be considered **Overtime Work**.

Ramadan Working Hours (For Muslim Employees)

Working Days	Working Hours	Ramadan Working Hour (For Muslim Employee)
Monday – Thursday	8am - 5pm (1 hour lunch break)	8am - 2pm (No lunch break)
Friday	8am - 5pm (2 hours lunch break)	8am - 12pm

- During Ramadan, Muslims observe a strict daily fast from dawn to sunset. They are not allowed to eat or drink during daylight hours.
- Ramadan is the ninth month of the Islamic calendar; it is a time for Muslims around the world to renew their focus on spiritual life and its practical application in daily life.
- In conjunction with the Ramadan month, the working hours for Muslim employees will be shortened to allow employees sufficient rest since fasting during long hours may lead to fatigue and safety risks.

5. Overtime & Rest Day

Overtime must be paid if the employee is required to work beyond his contractual working hours.

- The overtime rate payable is **1.5 times the basic hourly pay rate**.
- An employee is permitted to work up to **a limit of 72 hours of overtime in a month**. However, this limit may be exceeded if approval has been granted by the Commissioner of Labour.
- Payment for overtime work must be paid within 14 days after the last day of the salary period.

Rest Day

- An employee is entitled to 1 rest day (midnight to midnight) each week without pay. The rest day shall be on a Sunday or any other day as scheduled/informed by the employer before the beginning of each month.
- For shift workers, the rest day can be a continuous period of 30 hours.

6. Types of Leave

Leave Entitlement

Type of Leave	Years of Service	Days of Leave	Remarks
Annual Leave	1st	7	<ul style="list-style-type: none"> The number of annual leave in the employment contract shall not be less than the number of leave stipulated in the Employment Order. The most common Annual Leave Entitlement is 14 days, 18 days, 21 days, or 24 days.
	2nd	8	
	3rd	9	
	4th	10	
	5th	11	
	6th	12	
	7th	13	
	8th and thereafter	14	
Sick Leave	> 6 months	14	<ul style="list-style-type: none"> The employee must have worked in the company for at least 6 months. The employee has obtained a medical certificate from the company doctor. If no such doctor is appointed, they may get the medical certificate from a government doctor or a doctor employed by any of the approved hospitals. The employee must inform the employer of the sick leave within 48 hours.
Hospitalisation Leave		46	<ul style="list-style-type: none"> Sick leave will be utilised if the hospitalised period is up to 60 days.
Maternity Leave	> 6 months (180 days)	105 days	<p>Local Employee</p> <p>All citizen or permanent resident female employees are covered under the Employment Order and are entitled to 15 weeks of maternity leave as follows:</p> <ul style="list-style-type: none"> The period of 2 weeks immediately before the delivery of her child. The period of 13 weeks immediately after the delivery of her child.

Type of Leave	Years of Service	Days of Leave	Remarks
Maternity Leave	> 6 months (180 days)	105 days	<p>Payment of Salary for Local Employee</p> <ul style="list-style-type: none"> The employer pays the basic salary for the first 8 weeks. Following this, the government helps to compensate for a period of 5 weeks. However, the employer is obliged to make advance salary payments for the 5 weeks mentioned above and then claim to the government for repayment. The final 2 weeks of the remaining leave is unpaid leave.
		63 days	<p>Foreign Employee</p> <p>All foreign female employees are covered under the Employment Order and are entitled to 9 weeks of maternity leave as follows:</p> <ul style="list-style-type: none"> 4 weeks immediately before the delivery of her child 5 weeks immediately after the delivery of her child <p>By mutual consent, the last 4 weeks of the maternity leave can be taken within 6 months from the delivery date.</p> <p>All female employees must satisfy that she has served an employer for more than 180 days, and only 8 weeks are entitled to receive payment benefit.</p>

Other Leave Entitlements

The following Leave Entitlements are not mandatory and are not stipulated in the Employment Order. However, company may consider such leave entitlement subject to the Company’s Leave Policy.

- Paternity Leave
- Compassionate Leave
- Marriage Leave
- Home Leave
- Study Leave

Public Holiday

There are 15 public holidays in Brunei in 2022.

Public Holiday	Date	No. of Days	Remarks
New Year's Day	1 Jan	1	<p>If the Public Holiday falls on Saturday/Sunday, the following Monday shall be recognised off-in-lieu.</p> <p>If Saturday is a working day, off in-lieu will not be applicable as the actual day will be an off day.</p>
Lunar New Year	1 Feb	1	
National Day	23 Feb	1	
Isra' and Mi'raj	28 Feb	1	
First day of Ramadan	3 Apr	1	
Nuzul Al-Quran	19 Apr	1	
Hari Raya Aidilfitri	2-4 May	3	
Royal Brunei Armed Forces	31 May	1	
Hari Raya Aidiladha	9 Jul	1	
His Majesty the Sultan's Birthday	15 Jul	1	
Islamic New Year	30 Jul	1	
Prophet Muhammad's Birthday	8 Oct	1	
Christmas Day	25 Dec	1	

7. Termination of Contract

Termination of Contract May Occur When

- The work specified in the contract has been completed or when a date specified in the contract for the expiry of the contract has been reached.
- Either party has decided to end the contract with appropriate notice per the terms of the contract.
- There has been a breach of the employment contract.

Termination of Contract Without Notice

- Either party to a contract of service may terminate the contract without notice. If the notice has already been given without waiting for the expiry date of that notice period, the terminating party is obligated to compensate the other party with the equivalent full/pro-rated salary in accordance with the agreed notice period.
- Should either party wilfully breach a condition of the contract, the other party may terminate the contract without notice.

8. Salary Payment & Deadlines

The employee must be paid at least once a month within 7 days after the end of the salary period. Overtime pay must be paid within 14 days after the end of the salary period.

Resigned Employee's Salary Payment

- The resigned employee who has served the required notice period must be paid the salary due to them on the last day of employment.
- An employee who has resigned without notice or serving the required notice period must be paid the salary due to them within 7 days from the last day of employment.

Termination of Employee's Contract of Employment

The employer must pay the terminated employee's salary on their last day of employment. If this is not possible, it must be paid within 3 working days from the date of dismissal or termination.

Authorised Deductions

No deductions can be made by an employer unless allowed by the Employment Order, 2009, or ordered by the Court. The permitted deductions from the salary of an employee are as follows:

- Absence from work
- Damage to or loss of goods/money
- Cost of meals supplied by the employer at the request of the employee
- House accommodation
- For amenities and services
- The recovery of advances, loans or adjustment of overpayment of salary
- Income tax payment
- TAP/SCP/TBK contributions
- Contributions to superannuation scheme/ provision fund
- Payments to any registered co-operative society
- Any other deductions which may be approved by the Minister

9. Minimum Wage/Reasonable Wage

There is no minimum wage in Brunei Darussalam. It is subject to negotiation and mutual agreement between an employer and employee.

Reasonable Wage (RW) was introduced to enhance local employment in Brunei's oil and gas industry and to ensure that all lower-qualified local employees working in the Industry in the Business Areas as referred to in Annex 1 Part A.

Annex 1

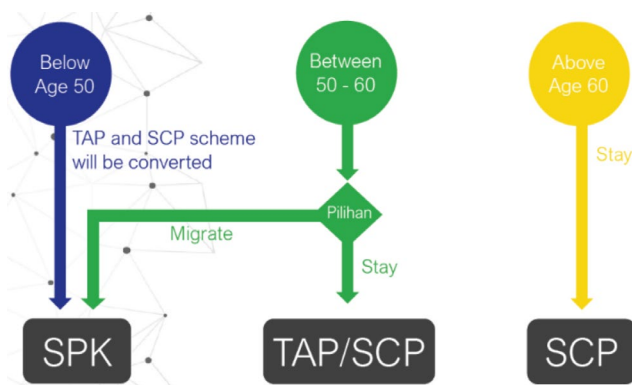
- A. The Business Areas are as follows:
1. Drilling Rigs
 2. Well Services
 3. Marine Industries
 4. Offshore Works

- B. The Reasonable Wage (RW) is as follows:
- Onshore – B\$700.00 per month (for technical workers only)
 - Offshore – B\$1,000.00 per month (for all workers including technical & non-technical workers offshore)

- And based on the following working hours:
- In accordance with Employment Order, 2009
 - Onshore/Offshore Shift period as a maximum
 - 2 weeks on/2 weeks off

10. Statutory Contribution (TAP/SCP/SPK)

- No Personal Income Tax - There are no social security taxes in Brunei. This applies to both locals and expatriates.
- However, all citizens and permanent residents of Brunei Darussalam must contribute part of their salary to the following schemes to a State managed provident fund (Tabung Amanah Pekerja (TAP)).
- **TAP Scheme** – 5% of basic salary: Below 55 years old
- **SCP Scheme** – 3.5% of basic salary (minimum contribution is BND17.50 and capped at BND98): Between 18-60 years old
- All types of employment, including employees under probation, should contribute to the mentioned schemes.
- The employer will also have to contribute the same amount for its employees to the provident fund.
- **Skim Persaraan Kebangsaan (SPK)** to be implemented in 2023, which will be converted from TAP&SCP. The implementation date is to be confirmed.



SPK Contribution

- Employee Contribution – 8.5% of Basic Salary
- Employer Contribution – 8.5% - 11.5% of Basic Salary*

*Contribution % is based on the following salary range:

<\$500	Minimum \$57.50
\$500.01 - \$1,500	10.5%
\$1,500.01 - \$2,800	9.5%

11. Employment & Immigration Regulation

Foreign Worker License (LPA) Special Authorisation Work Pass (SAWP) Professional Visit Visa (PVV)				
Type of Visa	Description	Duration Term	Requirements	Application Process Time
Foreign Worker License (LPA)	This applies to all professionals who wish to come to Brunei Darussalam for the purpose of professional work or expertise for a long-term employment or project.	<ul style="list-style-type: none"> 1 - 2 years subject to the duration endorsed by the Government Agencies Renewable 	<ol style="list-style-type: none"> Obtain Endorsement prior to submission to the Labour Department from: <ol style="list-style-type: none"> Jobcentre Brunei Government Agencies/ Statutory Bodies/ Associations (if applicable) Employee Trust Fund (TAP) Security Deposit [Cash Deposit/Bank Guarantee/ JITPA (Insurance)] Medical Examinations (X-Rays & Blood Test) Signed Employment Contract Mandatory Inspections – Accommodation 	Approximately 2 months
Special Authorisation Work Pass (SAWP)	Any professionals that are coming to Brunei for the purpose of professional work or expertise for a short-term period in Brunei Darussalam. This includes Training, Short-term project, call-off basis and urgent works.	<ul style="list-style-type: none"> Maximum 12 months Non-renewable 	<ol style="list-style-type: none"> Obtain Endorsement prior to submission to the Labour Department from: <ol style="list-style-type: none"> Ministry Office Supporting Letter from Contract Owner/ Main Contractor (if applicable) 	Approximately 1 month
Special Authorisation Work Pass (SAWP)	Any professionals that are coming to Brunei for the purpose of professional work or expertise for a short-term period in Brunei Darussalam. This includes Meeting, Consultation and Lecture Training.	<ul style="list-style-type: none"> Maximum 3 months Non-renewable 	Supporting Letter from Contract Owner/Main Contractor (if applicable)	Approximately 1 week

Source: www.byevisa.com

12. Visa-free/Visa on Arrival (VoA)

There are 56 Brunei visa-free countries whose nationals are allowed entry for stays extending up to 14, 30 or 90 days. Below is the list of countries eligible for the respective period of entry:

Countries eligible for 90-day entry:

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- Ireland
- Italy
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- United Kingdom
- United States

Countries eligible for 30-day entry:

- Laos
- Malaysia
- New Zealand
- Oman
- Singapore
- South Korea
- Turkey
- Ukraine
- United Arab Emirates

Countries eligible for 14-day entry:

- Cambodia
- Canada
- Costa Rica
- Hong Kong
- Indonesia
- Japan
- Macau
- Maldives
- Myanmar
- Peru
- Philippines
- Russia
- Thailand
- Vietnam

Source: www.byevisa.com

The VoA (Category C) is only available for nationals of the following 7 countries and territories when entering through Brunei International Airport:

<p>Category C1</p> <ul style="list-style-type: none"> • Australia: Single or Multiple-entry, 30 days 	<p>Category C2</p> <ul style="list-style-type: none"> • Kuwait: Single-entry, 30 days • Saudi Arabia: Single-entry, 30 days
<p>Category C3</p> <ul style="list-style-type: none"> • Qatar: Single or Multiple-entry, 14 days • Taiwan: Single or Multiple-entry, 14 days 	<p>Category C4</p> <ul style="list-style-type: none"> • China: Single or Multiple-entry, 14 days • Bahrain: Single or Multiple-entry, 14 days

13. Workmen’s Compensation & Health Insurance

What is Workmen’s Compensation Insurance, and How Does It Work?

Workmen’s Compensation Insurance covers the employer against any liability that the employer would incur to any workmen employed under the Workmen’s Compensation Act 1957 (Cap. 74).

This Policy indemnifies liability coverage under the following:

- The Law of Brunei Workmen’s Compensation Act Chapter 74 (Revised Edition 1984).
- The Common Law. The standard Common Law limit is B\$2,000,000.00 in the aggregate (inclusive of all costs and expenses) during the period of insurance, subject to a sub-limit of B\$100,000.00 per employee (inclusive of all costs and expenses) for class 3 occupations or B\$250,000.00 per employee (inclusive of all costs and expenses) for other than class 3 occupations. No common law cover class 3 construction/ construction-related occupations.

Who Should Pay the Compensation?

Every employer should pay compensation if his worker suffers personal injury by accident arising out of and in the course of employment. The employer will be liable to pay compensation where applicable under the Workmen’s Compensation Act 1957 (Cap. 74).

“Injury” includes any condition listed in the Second Schedules (chapter 5, Occupation Diseases) to the Workmen’s Compensation Act (Revised Edition 1984).

14. Health Insurance

Subject to the Company’s Compensation & Benefit policy, the company may consider the following insurances which are available in Brunei:

- Group Term Life and Total Permanent Disability
- Group Personal Accident
- Group Hospitalisation and Surgical
- Group Critical Illness
- Group Insurance – Inclusive group of coverages
- Travel Insurance
- Customised Insurance Coverage from various Insurance Agencies

15. Employer Cost

Subject on top of the employee’s salary, the employer may have to pay the following expenses during the employee’s mobilisation:

	Cost Type	Local	Expatriates
Work Permit	Work Permit Application + Guarantee Insurance + Foreign Worker Health Screen + Renewal of Employment Contract	N/A	Est. \$1,000
Onboard	Pre-employment Health Assessment (Subject to company’s Recruitment Policy)	\$100	N/A
	Workmen Compensation Insurance + Other	\$80 - \$190	
	Statutory Contribution – TAP/SCP/SPK	8.5% of Employee’s Basic Salary	N/A
Specific Position	Training/Certification	Cost may vary depending on the position requirement	
	Personal Protective Equipment (PPE)	\$200 - \$300	
	Health Screening (Optional)	\$200 - \$500	

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PMAT Thailand HR Tech 2022 Conference
THAILAND HR TECH 2022

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Brunei: 19 October
Brunei's Employment Laws & Regulations with Alan Liew

Brunei

Singapore: 25-28 October
FUTR Asia 2022, Panel Discussion with George Ho

Singapore: 14 October
Data Visualisation vs Data Science with George Ho and Henry Liew

Singapore

About BIPO

Established in 2010 and headquartered in Singapore, BIPO is a global payroll and people solutions provider.

Our enterprise-ready **HR Management System** automates HR processes, simplifies workflows, and delivers actionable insights. Complemented by our **global payroll outsourcing** and **Employer of Record (EOR)** services, we support your global workforce needs through a network of 30+ offices, four R&D centres, and business partners in 100+ countries.

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