

Guidelines for Processing
Severance Payment and Long Service Payment
(Applicable to employments terminated on or after 1 May 2025)

The purpose of this document is to provide school supervisors with an overview on the salient points and guidelines on processing reimbursement of severance payment and long service payment under the Salaries Grant, Administration Grant or Revised Administration Grant.

2. Severance payment and long service payment are regulated by the Employment Ordinance (Cap. 57). As employers, schools should refer to the relevant provisions of the Employment Ordinance and ensure compliance. For quick reference about details of severance payment and long service payment, please refer to Chapter 11 of “A Concise Guide to the Employment Ordinance”¹ published by the Labour Department, which sets out the relevant provisions in simple terms. The Labour Department also provides an online calculating tool (“EasyCal”) in the thematic webpage on the abolition of MPF offsetting arrangement² for calculation of severance payment and long service payment for cases where the employment was terminated on or after 1 May 2025 (i.e. the effective date of the abolition of MPF offsetting arrangement).

3. The following should be noted in claiming reimbursement for the severance payment or long service payment paid to eligible staff from government funds:

- (a) the salaries must be fully subvented by the government;
- (b) the years of service counted in the calculation of severance payment or long service payment must be covered by government subsidies;
- (c) any gratuities and/or employer’s contribution together with interests / dividends in the Mandatory Provident Fund (MPF) Schemes / Grant/Subsidized Schools Provident Fund (G/SSPF) / other occupational retirement schemes (ORS) must be set off to the fullest extent permitted by the Employment Ordinance against severance payment or long service payment; and
- (d) for non-teaching staff in special schools whose service was formerly fully subvented by government departments (Social Welfare Department, Department of Health), their years of service under government subsidies may also be counted in the calculation of severance payment or long service payment.

4. Schools should determine an individual’s eligibility and calculate the severance payment or long service payment in accordance with the Employment Ordinance. In case of doubt, it is the responsibility of the supervisor to consult the Labour Department. Replies from the Labour Department, if available, should be attached to claims for reimbursement of severance payment or long service payment.

5. If aided schools deploy Administration Grant / Revised Administration Grant to employ staff, they should set aside part of the provision for the payment of severance payment or long service payment as outstanding commitment. In case the funds are

¹ <https://www.labour.gov.hk/eng/public/wcp/ConciseGuide/11.pdf>

² <https://www.op.labour.gov.hk/en/calculator.html>

insufficient to settle the payment, schools may deploy surplus under the Expanded Operating Expenses Block Grant (EOEBG) / the General Domain of the Operating Expenses Block Grant (OEBG) to cover the expenditure. If there is insufficient surplus under EOEBG/ the General Domain of OEBG, aided schools may claim reimbursement of severance payment or long service payment for staff paid by Administration Grant / Revised Administration Grant following the prevailing procedures³.

6. In all cases of meeting the payment of severance payment and long service payment in whole or in part from government funds, school supervisors should complete **Appendix A** for cases where the relevant employment commenced before the transition date (i.e. 1 May 2025) and was terminated on or after the transition date, or **Appendix B** for cases where the relevant employment commenced on or after the transition date, and submit it together with the required supporting documents⁴ to the Funds Section (for staff who were wholly or partly remunerated by Salaries Grant) or Recurrent Subventions Section (for staff who were not remunerated by Salaries Grant) of the Finance Division of the Education Bureau for record and reimbursement purposes.

³ For details, please refer to the [EOEBG User Guide](#) / the [OEBG User Guide](#).

⁴ (1) the original receipt for the total severance payment / long service payment received by the employee; (2) a copy of the accrued benefits of the employer's contributions; (3) a copy of the wage records; and (4) for teaching staff with G/SSPF account, completed G/SSPF Withdrawal Application Form.

- To: Funds Section of the Finance Division, Education Bureau (for staff who were wholly or partly remunerated by Salaries Grant)
- Recurrent Subventions Section of the Finance Division, Education Bureau (for staff who were not remunerated by Salaries Grant)

If the school claims reimbursement of severance payment or long service payment for staff paid by Administration Grant / Revised Administration Grant, please refer to paragraph 5 of the "Guidelines for Processing Severance Payment and Long Service Payment" and answer the following question:

- *Currently, does the school have sufficient surplus under the Expanded Operating Expenses Block Grant / the General Domain of the Operating Expenses Block Grant to cover the severance payment or long service payment for the case under application?* Yes No

The school may claim reimbursement of severance payment / long service payment where applicable only if the answer above is "No".

Standard Form for Severance Payment/Long Service Payment
For cases where the employment commenced before the transition date (1 May 2025) and terminated on/after the transition date

Severance Payment/Long Service Payment⁺ for Mr/Mrs/Ms/Miss⁺ : _____

Staff Reference Number (applicable to staff remunerated by Salaries Grant) : _____

Rank : _____

School Code : Name of School : _____

School fully aided with effect from (DD-MM-YYYY) : _____

Pursuant to the Employment Ordinance, I certify that the above named staff of this school is entitled to a severance payment/long service payment⁺ computed as follows:

A. Date of birth (DD-MM-YYYY) : _____

B. Date of appointment (DD-MM-YYYY) : _____ Type of grant: _____

(I) from _____ to _____ _____

(II) from _____ to _____ _____

(III) from _____ to _____ _____

(Please attach a separate sheet if more rows are required.)

C. Relevant date^o of termination of employment (DD-MM-YYYY) : _____

D. Reason for termination of employment :

Severance Payment:

- Redundancy
 Not renewing an employment contract of a fixed term due to redundancy
 Lay-off

Long Service Payment:

- Dismissal (other than redundancy or summary dismissal) or retirement at the age of 60 under relevant Code of Aid
 Not renewing an employment contract of a fixed term
 Death
 Resignation on ground of ill health[@]
 Resignation at the age of 65 or above

E. Years of service before the transition date for calculation of severance payment/long service payment:

_____ years and _____ days

F. Years of service after the transition date for calculation of severance payment/long service payment:

_____ years and _____ days

G. Last month's wages[^] immediately preceding the transition date: \$ _____

H. Last month's wages[^] immediately preceding the termination of employment: \$ _____

I. Calculation of severance payment/long service payment:

	\$	
Pre-transition portion of severance payment/long service payment (G (capped at \$22,500) x 2/3 x E [▲]) or \$390,000, whichever is the smaller	I1	
Post-transition portion of severance payment/long service payment (H (capped at \$22,500) x 2/3 x F [▲]) or (\$390,000 – I1), whichever is the smaller	I2	
Total (capped at \$390,000)	I3	

J. Benefits that can be used to offset pre-transition portion of severance payment / long service payment:

	\$	
Accrued benefits of employer’s mandatory MPF contributions		
Carved-out benefits ^{&} under G/SSPF [#]		
Carved-out benefits ^{&} under MPF exempted ORS		
Total [J]		

(Please attach a copy of PF Termination Benefit Statement / MPF Remittance Statement/Gratuity calculation sheet or G/SSPF Statement / completed G/SSPF Withdrawal Application Form.)

K. Benefits that can be used to offset both pre- and post- transition portions of severance payment / long service payment:

	\$	
Accrued benefits of employer’s voluntary MPF contributions		
Remaining benefits* under G/SSPF [#]		
Remaining benefits* under MPF exempted ORS		
Vested benefits of employer’s contributions to non-MPF exempted ORS		
Gratuities based on length of service		
Total [K]		

L. Amount of pre-transition portion of severance payment/long service payment after offsetting

[(I1 – J – K) or 0 if (I1 – J – K) < 0]: \$ _____

M. Amount of post-transition portion of severance payment/long service payment after offsetting

[(I2 – ‘remaining K’) or 0 if (I2 – ‘remaining K’ < 0), where ‘remaining K’ = K – amount of K used for offsetting in L]: \$ _____

I certify that the above information is correct and I have paid the severance payment/long service payment to the above-named staff. I undertake to repay the Government for any overpayment of severance payment/long service payment to the staff concerned.

Signature of Supervisor _____

Name of Supervisor _____

Contact person _____

Telephone no. _____

Date _____

- Tick where appropriate.
- + Please delete as appropriate.
- % Where the employee’s employment is terminated by payment in lieu of notice, the “relevant date” means the date up to which such wages are calculated. For other scenarios, please refer to the definition of “relevant date” in section 2 of the Employment Ordinance.
- @ Medical certificate in the form specified by the Commissioner for Labour and issued by a registered medical practitioner or registered Chinese medicine practitioner certifying that the employee is permanently unfit for the present job should be provided in case of resignation on ground of ill health.
- ^ The employee may elect to use his average wages in the last 12 months for the calculation of the severance payment or long service payment.
- ▲ Service of an incomplete year should be calculated on a pro-rata basis. In general, years of service should be determined by counting number of full service years starts from the beginning of the period, plus incomplete year, which is the fraction of remaining days from the last complete year to the end of period, divided by either 365 or 366 days, as appropriate.
- & Carved-out benefits = Final average monthly relevant income (capped by the maximum level of relevant income prescribed in Schedule 3 to the Mandatory Provident Fund Schemes Ordinance (Cap. 485)) x 5% x 12 x Years of service with G/SSPF/ MPF exempted ORS benefits.
- * Remaining benefits = Vested benefits of employer’s contributions to G/SSPF/ MPF exempted ORS – Carved-out benefits.
- # According to Rule 13 of the G/SSPF Rules, under normal circumstances, the percentage of the government/DSS school donation and related dividends received by a contributor shall be 50%, 60%, 70%, 80%, 90% and 100% if his continuous contributory service is more than 5, 6, 7, 8, 9 and 10 years respectively. For contributors with less than 5 years of continuous contributory service, they shall not receive any government/DSS school donation and related dividends.

- To: Funds Section of the Finance Division, Education Bureau (for staff who were wholly or partly remunerated by Salaries Grant)
- Recurrent Subventions Section of the Finance Division, Education Bureau (for staff who were not remunerated by Salaries Grant)

If the school claims reimbursement of severance payment or long service payment for staff paid by Administration Grant / Revised Administration Grant, please refer to paragraph 5 of the "Guidelines for Processing Severance Payment and Long Service Payment" and answer the following question:

- *Currently, does the school have sufficient surplus under the Expanded Operating Expenses Block Grant / the General Domain of the Operating Expenses Block Grant to cover the severance payment or long service payment for the case under application?* Yes No

The school may claim reimbursement of severance payment / long service payment where applicable only if the answer above is "No".

Standard Form for Severance Payment/Long Service Payment

For cases where the employment commenced on/after the transition date (1 May 2025)

Severance Payment/Long Service Payment⁺ for Mr/Mrs/Ms/Miss⁺ : _____

Staff Reference Number (applicable to staff remunerated by Salaries Grant): _____

Rank : _____

School Code : Name of School : _____

School fully aided with effect from (DD-MM-YYYY) : _____

Pursuant to the Employment Ordinance, I certify that the above named staff of this school is entitled to a severance payment/long service payment⁺ computed as follows :

A. Date of birth (DD-MM-YYYY) : _____

B. Date of appointment (DD-MM-YYYY) : _____ Type of grant: _____

(I) from _____ to _____ _____

(II) from _____ to _____ _____

(III) from _____ to _____ _____

(Please attach a separate sheet if more rows are required.)

C. Relevant date^o of termination of employment (DD-MM-YYYY) : _____

D. Reason for termination of employment :

Severance Payment:

- Redundancy
- Not renewing an employment contract of a fixed term due to redundancy
- Lay-off

Long Service Payment:

- Dismissal (other than redundancy or summary dismissal) or retirement at the age of 60 under relevant Code of Aid
- Not renewing an employment contract of a fixed term
- Death
- Resignation on ground of ill health^o
- Resignation at the age of 65 or above

E. Years of service for calculation of severance payment/long service payment:

_____ years and _____ days

F. Last month's wages[^] immediately preceding the termination of employment: \$ _____

G. Calculation of severance payment/long service payment:

	\$
Severance Payment/Long Service Payment (capped at \$390,000) (F (capped at \$22,500) x 2/3 x E [^]) or \$390,000, whichever is the smaller	

H. Benefits that can be used to offset severance payment / long service payment:

	\$
Accrued benefits of employer's voluntary MPF contributions	
Remaining benefits* under G/SSPF [#]	
Remaining benefits* under MPF exempted ORS	
Vested benefits of employer's contributions to non-MPF exempted ORS	
Gratuities based on length of service	
Total [H]	

(Please attach a copy of PF Termination Benefit Statement / MPF Remittance Statement/Gratuity calculation sheet or G/SSPF Statement / completed G/SSPF Withdrawal Application Form.)

I. Amount of severance payment/long service payment after offsetting [G – H or 0 if G – H < 0] :

\$ _____

I certify that the above information is correct and I have paid the severance payment/long service payment to the above-named staff. I undertake to repay the Government for any overpayment of severance payment/long service payment to the staff concerned.

Signature of Supervisor _____

Name of Supervisor _____

Contact person _____

Telephone no. _____

Date _____

Tick where appropriate.

+ Please delete as appropriate.

% Where the employee's employment is terminated by payment in lieu of notice, the "relevant date" means the date up to which such wages are calculated. For other scenarios, please refer to the definition of "relevant date" in section 2 of the Employment Ordinance.

@ Medical certificate in the form specified by the Commissioner for Labour and issued by a registered medical practitioner or registered Chinese medicine practitioner certifying that the employee is permanently unfit for the present job should be provided in case of resignation on ground of ill health.

[^] The employee may elect to use his average wages in the last 12 months for the calculation of the severance payment or long service payment.

▲ Service of an incomplete year should be calculated on a pro-rata basis. In general, years of service should be determined by counting number of full service years starts from the beginning of the period, plus incomplete year, which is the fraction of remaining days from the last completed year to the end of period, divided by either 365 or 366 days, as appropriate.

* Remaining benefits = Vested benefits of employer's contributions to G/SSPF/ MPF exempted ORS – Carved-out benefits[&].

& Carved-out benefits = Final average monthly relevant income (capped by the maximum level of relevant income prescribed in Schedule 3 to the Mandatory Provident Fund Schemes Ordinance (Cap. 485)) x 5% x 12 x Years of service with G/SSPF / MPF exempted ORS benefits.

According to Rule 13 of the G/SSPF Rules, under normal circumstances, the percentage of the government/DSS school donation and related dividends received by a contributor shall be 50%, 60%, 70%, 80%, 90% and 100% if his continuous contributory service is more than 5, 6, 7, 8, 9 and 10 years respectively. For contributors with less than 5 years of continuous contributory service, they shall not receive any government/DSS school donation and related dividends.