

Employment

Human resources are one of the driving forces of a business. Understanding local employment laws and policies helps businesses make strategic decisions in planning and development.

In this article, we aim to provide an overview of Macau employment laws and key issues to consider when doing business in Macau.

1. Types of employment agreements

Overview

Employment agreements in Macau are classified as fixed term, variable term and open term.

In principle, all Macau resident employees should be hired under open term agreements, unless certain conditions are met. Non local employees must be hired under an agreement of fixed term which corresponds to the validity of their work permit. Variable term agreements are fixed term agreements, but the end date of employment is not determined at the outset of the agreement. It is usually used in project-based employment.

1.1 Limitation of employment fixed term agreement

a) Temporary need as justification

To protect stability of employment, fixed term agreements shall only be used for as long as is strictly necessary to achieve temporary needs of the employer, particularly those of seasonal, temporary or specific nature. The law provides the following examples of “temporary needs”:

- Starting a new task for an uncertain period;
- Development of projects not included in the daily activities of the employer, including design, research, management and supervision;
- Implementation, management and supervision of works in civil construction, public works, industrial assemblies and repairs, including related projects and other complementary activities of control and monitoring, as well as other temporary works of similar nature either by contract or direct management;
- Performance of seasonal work;
- Performing unpredictable tasks, arising from the exceptional increase in the employer's activities;
- Replacement of an absent employee.

Hence, it is mandatory to state in a fixed term employment agreement the reason for which the parties enter into this type of agreement.



b) Duration

Fixed term employment agreement must not exceed 2 years, including its renewals. Fixed term agreements are not automatically renewed, and renewals must not occur more than twice.

In certain circumstances, the two-year-period limitation is reduced: in employment of seasonal work, the agreement term is limited to 6 months and no renewal is allowed; in employment of unpredictable tasks arising from exceptional increase in employer's activities, the term must not exceed one year, including renewals.

Variable term agreement shall last for the period needed to complete its scope but shall not exceed 2 years.

A fixed term employment agreement exceeding the above referred limitations will automatically be converted into an open term employment agree

2. Working Hours and overtime payment

The maximum working hours in Macau are 8 per day; or 48 per week.

The following positions may exceed the maximum working hours:

- Work in leadership or management positions, or positions of external supervision;
- Work in places outside of the establishment and not subject to immediate control of their superiors;
- Academic or research work not under the supervision of a superior;
- Domestic work.

In any case, employees must be provided with a break of no less than 12 hours per day, 10 of which must be consecutive.

Working beyond the maximum working hours means overtime work. Overtime work may be performed in the following circumstances:

A. By prior arrangement of the employer, irrespective of the employee's consent, within the limits of the following circumstances:

- i. When cases of force majeure occur, provided that the daily working hours of the employee do not exceed 16 hours;
- ii. When the employer faces significant loss, provided that the daily working hours of the employee do not exceed 16 hours;
- iii. When the employer faces an unpredictable increase in the amount of work, provided that

the daily working hours of the employee do not exceed 12 hours.

B. By prior request from the employer, and with the employee's consent;

C. At the initiative of the employee, with prior consent of the employer.

Employees are entitled to additional pay for performing overtime work, as follows:

	REMUNERATION
A	Normal remuneration + increase of 50%
B	Normal remuneration + increase of 20%
C	Normal remuneration + increase of 20%

The employee is also entitled to an additional period of rest, in the situation referred to in A i) and ii) above; or when that of A iii) occurs in two consecutive days.

In any case, employer must provide a break of not less than 30 consecutive minutes, to ensure that the employee does not work more than 5 hours consecutively. Moreover, the consent to perform overtime work must be in writing.

3. Remuneration

Determining the components of basic remuneration is crucial in calculating an employee's daily salary, which is relevant for the calculation of other entitlements such as overtime payment and severance pay. The law lists the following components of basic remuneration:

- Basic salary;
- Overtime payment;
- Additional payment for performing night/shift work;
- Food allowance;
- Family allowance;
- Subsidies and commissions inherent to the job nature;
- Charges levied by the employer to the customer as extraordinary payment and subsequently paid to the employee;
- 13th month pay or other periodic benefits of a similar nature.

Generally, basic remuneration refers to all periodic payments, irrespective of their name or form of calculation, payable to the employee for work performed in accordance with statutory or contractual provisions.

The minimum wages in Macau, effective as of January 2024, are as follows:

MONTHLY SALARY	MOP 7,072
WEEKLY SALARY	MOP 1,632
DAILY SALARY	MOP 272
HOURLY SALARY	MOP 34
PIECE-RATED SALARY	MOP 34

Since the law regulating minimum wages stipulates a 2-year-periodic-review of the minimum wages, increase of these thresholds are expected in the year 2026.

The abovementioned regime is not applicable to employees who perform domestic work and individuals who are holders of disability assessment registration card as stipulated in the regime of disability allowance and free health care services.

Furthermore, the composition of the minimum wages does not include overtime payment, extraordinary remuneration for night work or shift work and thirteenth month pay or other periodic benefits of a similar nature.

Remuneration payment should be made on a regular and timely basis, becoming due on the last day of the pay period agreed between the parties. Payment must be settled within nine business days counting from the due date.

Employer is forbidden by law to deduct from the employee's remuneration any debt, or make any discounts in his/her remuneration, except for the following situations:

- Deductions for contributions to the Macau Social Security Fund;
- Deductions prescribed by law or by final judicial decision;
- Deductions for damages caused by the employee to the employer, by a final judicial decision;
- Deductions for compensations the employee owed to the employer for termination of the contract;
- Deductions for contributions to private pension funds with the employee's authorization;
- Deductions for absence from work;
- Deductions for damages caused by the fault of the employee in property, equipment and utensils of the employer;

- Advances payments on the account of the remuneration.

Violation of the above will be considered as denial of the employee's right to pay, and the employer shall be punished with a fine between MOP 20,000 to MOP 50,000 for each employee.

4. Leaves

4.1 Annual Leave

Employees are entitled to a minimum of 6 working days of paid annual leave after completion of one-year service. If the service is less than one year and over three months, the employee is entitled to half day leave for every month of actual service in the second year of service. In any case, the employee's right to annual leave shall not be affected by justified absences.

Annual leave shall be scheduled by mutual agreement between the employer and the employee. Annual leave shall be taken during the calendar year when it falls due and may be accumulated for up to two years by agreement between the parties. In case no agreement is reached, the schedule of annual leave shall be determined by the employer, in accordance with the requirements of the operation. The schedule of annual leave shall be arranged at least thirty days in advance.

Upon termination of employment, the employee is entitled to the basic remuneration corresponding to the number of days of annual leave not taken in the previous calendar year and the basic remuneration corresponding to the number of days of annual leave in the year of termination.

4.2 Sick Leave

Employees who have completed the probationary period are entitled to a minimum of 6 days of paid sick leave in each calendar year. This statutory minimum sick leave days accrue every calendar year, regardless of the commencement day of employment. Sick leave application must be supported by medical certificate from a doctor with license issued by the Macau Government or from a doctor acceptable to the employer.

4.3 Statutory Holidays

Employees are entitled to the ten statutory holidays every year as follows:

- January 1 (New Year's Day)
- Lunar New Year (the first, second and third day of the first month of the Lunar Year)
- Cheng Ming Festival

- May 1 (New Year's Day)
- The day after the Mid-Autumn Festival
- October 1 (National Day)
- Chong Yeong Festival
- December 20 (Macau SAR Establishment Day)

Employer may arrange employee to work on a mandatory holiday, irrespective of his/her consent in the following circumstances:

- When the employer faces a great loss or in cases of force majeure;
- When the employer faces an unforeseeable increased amount of work;
- When the service rendered is indispensable to ensure the continued operation of the business.

In case employees have to work on the statutory holiday, he/she is entitled to either one of the following, in addition to the normal salary:

- 1 day compensatory rest day and 1 day basic remuneration; or
- 2 day basic remuneration; or
- 2 compensatory rest days.

If the normal rest day overlaps with the statutory holiday, employee is entitled to enjoy 1 compensatory rest day within 30 days, which is scheduled by the employer.

4.4 Maternity and Paternity Leave

A female employee is entitled 70 (calendar) days of maternity leave for reason of childbirth, among them 63 days must be taken immediately after the confinement, and the remaining days may be taken consecutively or separately, before or after the confinement, at the discretion of the female employee.

If the female employee intends to take part of the maternity leave before confinement, she must notify her employer of this intention at least 5 days in advance. The employee must give her employer notice of the confinement as soon as possible, as well as the relevant proof by means of a medical certificate from a doctor with license issued by the Macau Government or by a doctor acceptable to the employer.

Female employee whose employment has lasted more than one year on the day of her confinement is entitled to the basic remuneration corresponding to the entire period of maternity leave.

Female employees whose employment only reaches one year during the maternity leave, are entitled to receive the basic remuneration corresponding to the remaining period of maternity leave after the completion of one year's service. The payment during the maternity leave shall be the same as during her normal working periods.

Male employee is entitled to 5 working days of paternity leave, which may be taken consecutively or separately during the period from three months of pregnancy of the child's mother to 30 days after birth.

5. Termination of employment

5.1 Forms of Termination

Employment agreement may be terminated by mutual agreement, unilateral termination (with and without just cause), expiry (for fixed term agreement) and cessation during or upon probation period.

5.2 Notice

In cases of termination with just cause, the terminating party is not required to provide notice to the other party. For termination without just cause, the notice period stipulated in the employment agreement or the Macau Labour Relations Law must be observed. Failure to comply with the obligation of notice shall entitle the other party to compensation equivalent to the salary for the unfulfilled notice period.

In the absence of contractual provisions on the length of notice or when the length of notice provided in the contract is less than what is provided in the law, the length of notice shall be:

- 15 days, in the case of employer;
- 7 days, in the case of employee.

5.3 Unilateral Termination with Just Cause by Employer

Employer can unilaterally terminate employment with just cause when the circumstances caused by the employee are sufficiently serious to render the employment relationship impossible to continue; or when any of these just causes specified in the Macau Labor Relations Law occurs:

- Willful disobedience to orders given by superiors;
- Repeated lack of commitment in fulfilling duties inherent in the exercise of the employee's functions;
- Chronic tardiness, leaving early or abandoning work during the working hours

- without authorization;
- Unjustified absences from work causing directly serious harm to the enterprise or, irrespective of any harm, when the number of unjustified absences is greater than three consecutive days or five separate days in each year;
- False statements regarding the justification of absences;
- Abnormal reduced productivity intentionally caused by the employee;
- Repeated provocation of disputes with other employees of the enterprise;
- Acts of physical violence, insult or other abuse punishable under law directed at the employer, superiors or other employees of the enterprise;
- Severe harm to the enterprise's interests;
- Violation of regulations on occupational hygiene and safety.

In termination with just cause, the employer does not need to pay any compensation to the employee. However, the employer must give the employee a written notice within 30 days of knowledge of the relevant facts. The notice should briefly describe the facts imputable to the employee. Lack of written notice or absence of grounds for the just cause invoked shall be considered termination without just cause, in which case the employee shall be entitled to double the compensation for termination without just cause.

5.4 Unilateral Termination without Just Cause by Employer

If an employer terminates employment without giving any reason, the employee is entitled to compensation for termination and/or insufficient notice. Compensation for termination without just cause is calculated based on the seniority of the employee at the time of termination:

- 7 days of the basic remuneration if the employment has duration above the probationary period and up to one year;
- 10 days of the basic remuneration per year of service if the employment has duration above one year and up to three years;
- 13 days of the basic remuneration per year of service if the employment has duration above three years and up to five years;
- 15 days of the basic remuneration per year of service if the employment has duration above five years and up to seven years;
- 16 days of the basic remuneration per year of service if the employment has duration above seven years and up to eight years;

- 17 days of the basic remuneration per year of service if the employment has duration above eight years and up to nine years;
- 18 days of the basic remuneration per year of service if the employment has duration above nine years and up to ten years;
- 20 days of the basic remuneration per year of service if the employment has duration more than ten years.

The maximum amount of compensation is limited to 12 times the basic remuneration of the employee in the month of the termination, and the maximum amount of the basic monthly remuneration used to calculate the compensation is MOP 21,500. This maximum amount is subject to a 2-year periodic review and therefore, changes can be expected in the year 2027.

Non-local employees are entitled to compensation as follows if their employment is terminated before the end of the term and without just cause:

3 days of basic salary for each month, or period of less than a month, of the remaining period between the termination date and the expiry date of the contract.

6. Importation of Labour

Employers who are in shortage of manpower can apply for "labour quotas" at Macau Labour Department. There are two types of labour quotas: non-skilled labour quotas, applicable to non-specialized workforce; and skilled labour quotas, applicable to specialized personnel. Non-skilled quotas are granted on a no-name basis and therefore can be used by any person; whereas skilled quotas are granted to specific individuals. Labour quotas are usually granted on a 1 to 2 year term, after which the employer may apply for renewal.

The foreign labour policy in Macau is to give absolute priority to local workforce. Hence, employers must first exhaust candidates in the local labour market who are suitable for the job and provide evidence of the same in the labour quotas application. In case of redundancy, foreign labour must be dismissed before local employees.

On the other hand, as a prerequisite of labour quotas application, employer should hire a certain number of local employees. The number of local employees should be in line with the business scale that should be described in the application letter. For skilled labour quotas, the Macau Labour Department will also take into account areas such as expertise and rarity of candidate profiles in Macau.

7. Onboarding Mandatory Government Filings and Record Keeping

7.1 Macau Tax Bureau

Upon commencement of employment, employers must comply with the duty of employee registration in the Macau Tax Bureau through submission of “M2” form. This is for the purpose of withholding salary tax. Employers should also file de-registration of the employee upon termination of employment relationship through submission of “M2A” form in the Macau Tax Bureau.

7.2 Social Security Fund

Employer must enroll Macau resident employees in the Social Security Fund and make contribution to the employee’s social security fund account. Currently, the employer’s monthly contribution is fixed at MOP60 and the employee’s at MOP30. Employer should deposit both portions of contributions quarterly into the Social Security Fund.

7.3 Special Record-Keeping Requirements

Employer has to keep record of all the employee’s data which should include the following:

- Personal data of the employee, including his/her name, sex, age and form of contact;
- The date of admission;
- The remuneration;
- The professional grade or function;
- The normal working hours;
- The holidays taken;
- The total number of days of absence and the number of days of paid sick leave or accident leave;
- Occupational accidents and diseases;
- All data provided by the employee that contributes to the protection of his/her interest.
- The minimum retention period of employees’ data is 3 years post-employment.

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