

GLOBAL  
EMPLOYER  
GUIDE

**BRUNEI**





## Basic Country Facts

### Full name

- Negara Brunei Darussalam

### Capital

- Bandar Seri Begawan

### Main Languages

- Brunei Malay
- Standard Malay
- English

### Population

- 437,479 people

### Monetary unit

- Brunei dollar (BND)

### Internet domain

- .bn

### International dialing code

- +673

### Currency

- Brunei dollar (BND)

# STATUTORY LABOR REQUIREMENTS

## Probation Period

- The qualifying period is the same as the employee's probation period, which may not exceed 90 consecutive days.

## Annual Leave

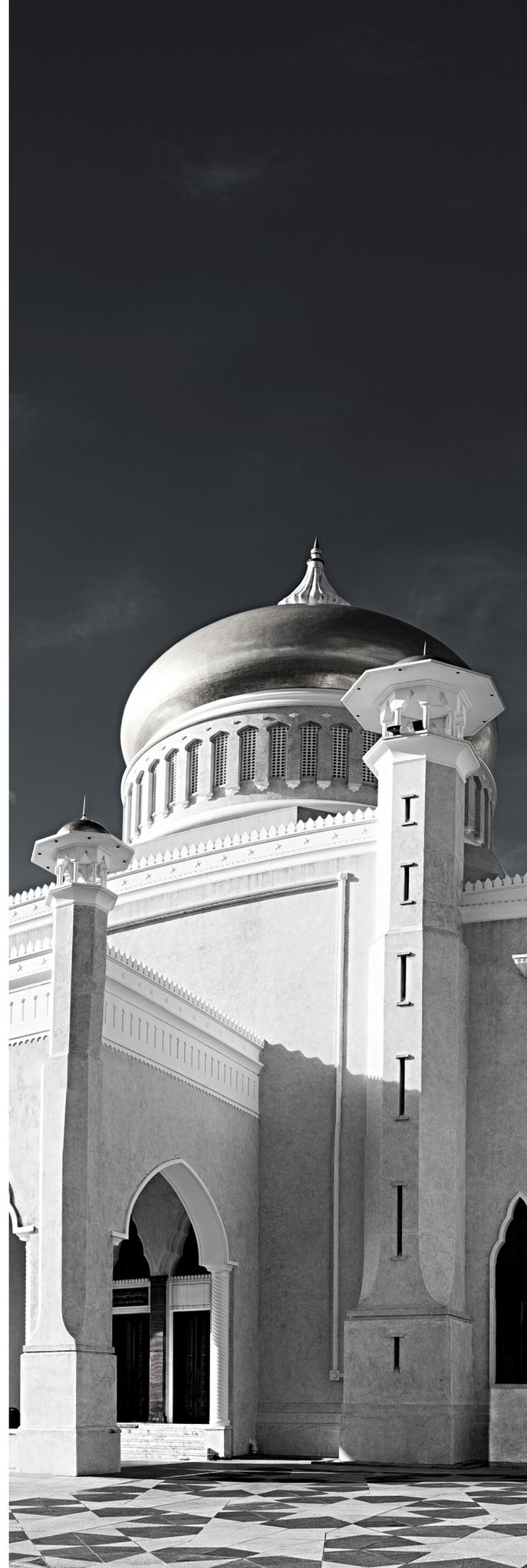
- Once they have worked for a company for a full year, Brunei employees receive 12 paid days of annual leave.
- Two extra leave days are added after five years of service.

## Public Holidays

- New Year's Day (1st January)
- Lunar New Year (25th January)
- National Day (24th February)
- Prophet's Ascension
- First day of Ramadan
- Nuzul Al-Quran
- Eid al-Fitr
- Royal Brunei Armed Forces Day (1st June)
- His Majesty the Sultan's Birthday (15th July)
- Eid al-Adha
- Islamic New Year
- Prophet's Birthday
- Christmas Day (26th December)

## Maternity Leave

- The pregnant woman is entitled, because of her pregnancy, to maternity leave of 14 weeks, being 6 weeks before the birth and 8 weeks after the birth.
- Maternity leave under the Labor Code covers all women employees, including apprentices and trainees.



## Paternal Leave

- Currently, fathers in the private sector are not legally entitled to any paternity leave, while fathers in the public sector are given seven days of paid paternity leave

## Sick Leave

- Employees are entitled to five days of sick leave every year.

## Work Hours

- An employee shall not be required to work more than 8 hours in one day.
- An employee shall not be required to work more than 44 hours in one week.

## Overtime

- An employee shall not be permitted to work overtime for more than 72 hours a month.
- An employee shall not be permitted to work for more than 12 hours in any day.
- For the purpose of calculating the payment due for overtime to an employee, his hourly basic rate of salary shall be calculated in accordance with the following formula:
  - in the case of a person employed on a monthly rate pay,  $12 \times$  the employee's monthly basic rate of salary divided by 52 x 44 hours.
  - in the case of a person employed on pieces' rates, the total weekly salary at the basic rate of salary received divided by the total number of hours worked in the week.

## Notice Period

- The notice period for termination of contract depends on what is agreed in the contract.
- The length of notice period must be the same for both parties.
- If there is no notice period agreed by either party or included in the contract, the following notice period shall apply: -
  - If length of employment is less than 26 weeks, 1-day notice period
  - If length of employment is between 26 weeks and 2 years, 1 week notice period
  - If length of employment is between 2 and 5 years, then 2 weeks' notice period
  - If length of employment is of 5 years or more, then 4 weeks' notice period

## Severance

- The total salary due to an employee must be paid on his last day of employment if: -
  - He is dismissed on the grounds of misconduct
  - His service is terminated by his employer If this is not possible, it must be paid within 3 working days from the date of dismissal or termination.

## 13th Month

- 13th month pay is not mandatory



## Income Tax

- Individuals are exempt from income tax in Brunei Darussalam.
- Individuals who are partners are not subject to tax on their apportioned shares of partnership income.



## Social Security

- Brunei Darussalam does not impose social security taxes.
- However, under the government-run Tabung Amanah Pekerja (TAP) and Supplementary Contributory Pension (SCP) employee trust fund schemes, employees who are Bruneian citizens or permanent residents and their employers are required to contribute to the funds for the benefit of the employees.
- Under the TAP scheme, employees must contribute at least of 5% of their basic salaries to the fund and employers must make a contribution at a minimum rate of 5% for their employees.
- Under the SCP scheme, the employees' and employers' contributions are calculated at a rate of 3.5% of basic salaries of the employees.
- These contributions are each subject to a maximum contribution of BND98 per month per employee.
- The employers withhold the employees' contributions.
- These contributions and the employers' contributions are payable monthly by the employers to the funds.
- These schemes do not apply to foreign nationals who are not permanent residents.

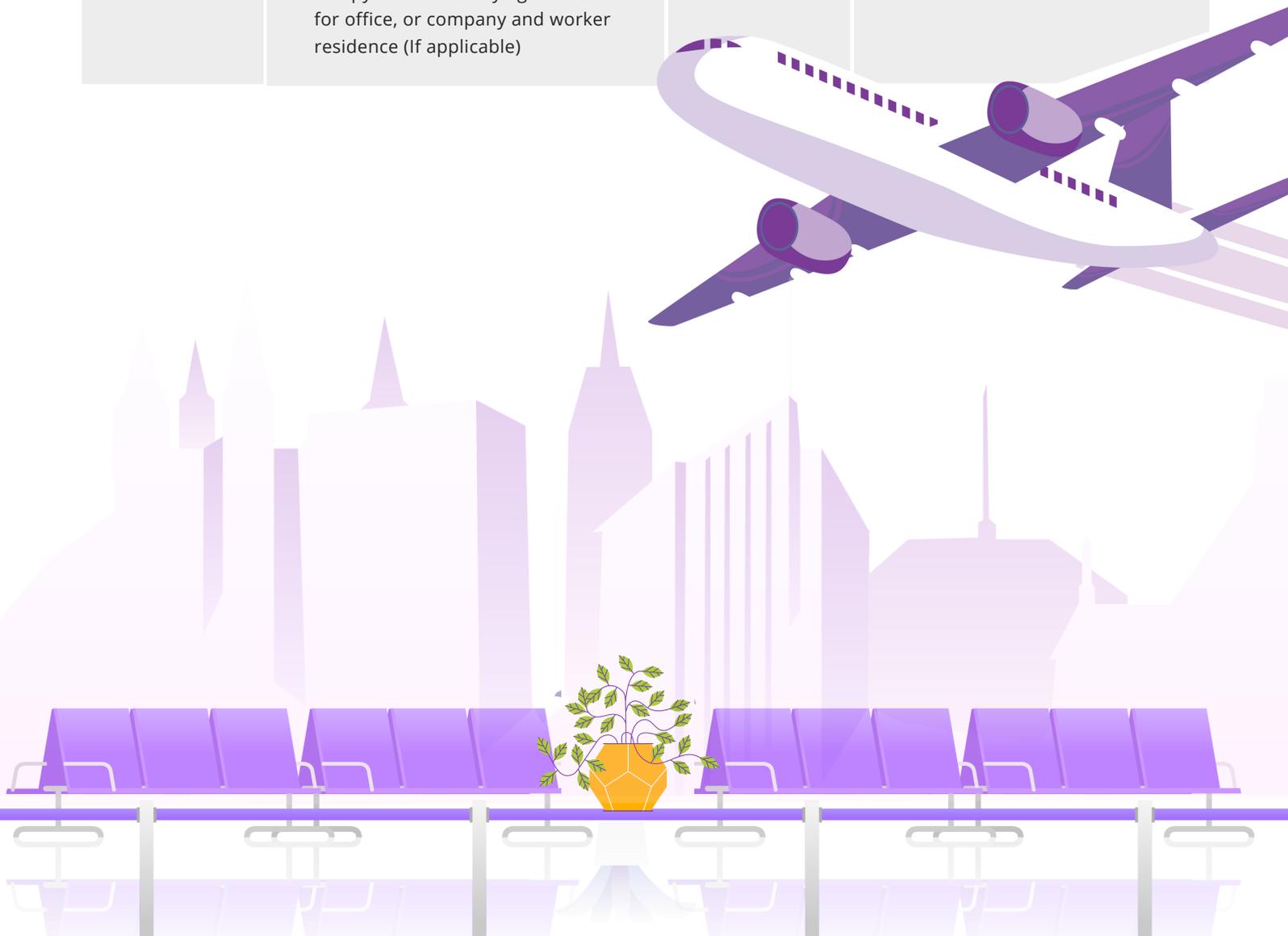
Contribution	Employer	Employee
Tabung Amanah Pekerja (TAP)	5%	5%
Supplementary Contributory Pension (SCP)	3.5%	3.5%

## Immigration

- Employers in Brunei Darussalam who wish to hire foreign workers are allocated quotas that permit them to employ foreign nationals.
- An applicant is advised to verify with his or her potential employer that an appropriate quota is available and is suitable for the employment position and nationality of the applicant.
- To work in Brunei Darussalam, foreign nationals must obtain employment visas, which are usually granted for an initial period of up to two years, and subsequently extended for two-year periods, if certain requirements are met.
- The following are the procedures to obtain an employment visa in Brunei Darussalam:
  - The employer must apply to the Department of Labor for a foreign workers' license by submitting an application through an approved employment agency. The application must state the employment position and nationality of the prospective employee. It takes about 14 working days or less for a foreign workers' license to be issued.
  - The employer must then enter into an employment contract with the employee, which must be filed with the Department of Labor. The employee may also be required to attend an interview.
- The employer must submit copies of the foreign workers' license, employment contract and employee's passport to the Department of Immigration, together with a security deposit to cover the employee's repatriation expenses. It usually requires one to two weeks for an employment visa to be issued.
- An employment visa is initially granted on a temporary basis, usually for three months, during which the employee must undergo medical tests. The employee must also obtain an identity card, normally renewable every two years, which is issued by the Department of Immigration.
- On expiration of the initial temporary visa, if the results of the medical tests are satisfactory, an employment visa valid for a two-year period is normally granted.



Type of Visa/ Permits	Documentation	Validity	Eligibility
<b>Employment Visa</b>	<ul style="list-style-type: none"> <li>• Two copies of foreign worker application form;</li> <li>• A copy of the identity card; passport for each applicant, owner or partner in the company;</li> <li>• A copy of the valid passport for every applicant;</li> <li>• Copies of approval letters from relevant government agencies (if applicable);</li> <li>• A list of local employees verified by the TAP;</li> <li>• Verification of mandatory registration from Job Centre Brunei;</li> <li>• A copy of certificate equivalent to the occupation should the occupation require qualifications;</li> <li>• A copy of the tenancy agreement for office, or company and worker residence (If applicable)</li> </ul>	2 years (can be extended)	<ul style="list-style-type: none"> <li>• To work in Brunei Darussalam, foreign nationals must obtain employment visas</li> <li>• These are subject to labor quotas</li> </ul>



## Value Added Tax (VAT)

- Brunei does not have a VAT or sales tax

## Withholding Tax

### Dividends

- Brunei does not levy withholding tax on dividends that have been assessed to tax, regardless of whether paid to a resident or a nonresident

### Interest

- Interest paid to a nonresident is subject to a 2.5% withholding tax

### Royalties

- Royalties paid to a nonresident are subject to a 10% withholding tax

### Technical Service Fees

- Technical services fees are subject to a 10% withholding tax
- Fees paid for the use of scientific, technical industrial or commercial knowledge or information are subject to a 10% withholding tax

Type of Payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	0%	0%	0%
Interest	0%	0%	2.5%	2.5%
Royalties	0%	0%	10%	10%
Technical Service Fee	0%	0%	10%	10%



## Termination

- A 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 in accordance with terms of the contract.
  - There has been a breach of contract and the other party wishes to terminate the contract.
- The notice period for termination of contract depends on what is agreed in the contract.
- The length of notice period must be the same for both parties.
- If there is no notice period agreed by either party or included in the contract, the following notice period shall apply: -
  - If length of employment is less than 26 weeks, 1-day notice period
  - If length of employment is between 26 weeks and 2 years, 1 week notice period
  - If length of employment is between 2 and 5 years, then 2 weeks' notice period
  - If length of employment is of 5 years or more, then 4 weeks' notice period

## Statutory Benefits

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, overtime pay, notice period, 13th month pay and severance pay
- Statutory benefits also include social security benefits

### Statutory Benefits

Probationary Period

Annual Leave

Public Holidays

Maternity Leave

Paternity Leave

Sick Leave

Overtime Pay

Notice Period

Severance Pay

Social Security Contributions



## Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Brunei ranked 54th in the World in 2019 in terms of ease of doing business.



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