



IIUM/202/4/1

30th May 2025

All Deans / Directors
Kulliyahs / Divisions / Centres / Institutes / Offices / Mahallahs
International Islamic University Malaysia

Dear YBhg. Dato'/Prof./Dr./Sir/Madam,

Assalamualaikum Warahmatullahi Wabarakatuh

STAFF SERVICE CIRCULAR NO. 8/2025

GRATUITY FOR CONTRACT STAFF

1. OBJECTIVE

The objective of this circular is to notify all Deans/Directors of the Kulliyahs / Divisions / Centres / Institutes / Offices / Mahallahs pertaining to Gratuity for contract staff.

2. BACKGROUND

2.1 The gratuity for contract staff has been part of staff benefits since the establishment of the IIUM in 1983, and it is stipulated in the Terms and Conditions of Service.

2.2 At present, the policy on gratuity payment is stated in the following circulars:-

- i) Staff Service Circular No. 11/2023 on Revision of gratuity payment to staff appointed on contract basis.
- ii) Staff Service Circular No. 12/2023 on Gratuity payment for newly staff appointed on contract (with permanent warrant) and after compulsory retirement.
- iii) Service Circular Letter No. 1/2021 - Revisit the formula of gratuity calculation for contract officers.



- 2.3 Following the discussion with the Finance Division on 14th January 2025, further clarification was requested regarding the interpretation of the decision on the minimum years of service required for gratuity payment as provided in the Staff Service Circular No. 11/2023.

3. DECISION

- 3.1 The Staff Service Committee (SSC) Meeting No. 1/2025 held on 17th February 2025 and 25th February 2025 agreed that the principle of the revision should not be worse off than the previous policy. To reflect the spirit of the policy, the minimum years of service to be eligible for gratuity is two (2) years for contract staff appointed on or after 1st April 2023. Details of the revised policy is provided in *Appendix A*.
- 3.2 With the issuance of this circular, the Staff Service Circular No. 11/2023, Staff Service Circular No. 12/2023 and Service Circular Letter No. 1/2021 are superseded.

All Deans/Directors are kindly required to disseminate this information to all relevant staff at the Kulliyah/Centre/Division/Institute/Offices/Mahallahs.

Thank you. *Wassalam*.

"LEADING THE WAY"


ZURAIDA HASSAN
Executive Director
Management Services Division
International Islamic University Malaysia

c.c. : Rector

: Deputy Rector (Academic and Internationalisation)

: Deputy Rector (Research, Innovation and Development)

: Deputy Rector (Student Development and Community Engagement)

: Executive Director, Finance Division

: Campus Director, IIUM Kuantan Campus

: Legal Adviser

ZH/WNN/AMA/nas2250



APPENDIX A

GRATUITY FOR CONTRACT STAFF

No.	Item	Description																
1.	Gratuity	i) A lump-sum payment given to staff appointed on contract basis as a form of appreciation for their service and payable at the end of a contract period. ii) Gratuity is subject to the IIUM’s discretion based on the formula currently in force.																
2.	Eligibility	<table><tr><th>No.</th><th>Type of contract</th><th>Description</th><th>Eligibility</th></tr><tr><td>1.</td><td>Contract (using contract emolument / central fund / KCDIOM trust fund)</td><td> i. Applicable to academic staff (International and Malaysians) and Administrative & Technical staff ii. To fill in the vacant post for specific duration of service using contract emolument, internal central fund or trust fund </td><td>Eligible</td></tr><tr><td>2.</td><td>Contract (with permanent warrant)</td><td> i. Applicable to academic staff on DG scheme and Administrative & Technical staff ii. For observation purposes on performance among others staff are required to fulfill certain criteria set by the University before they are appointed as permanent staff </td><td><i>Not Eligible</i></td></tr><tr><td>3.</td><td>Contract (after compulsory retirement)</td><td> i. Applicable to academic staff and Administrative & Technical staff to fill in the vacant post ii. No replacement of subject matters expert </td><td><i>Not Eligible</i></td></tr></table> Note: The minimum years of service to be eligible for gratuity is two (2) years for contract staff appointed on or after 1st April 2023.	No.	Type of contract	Description	Eligibility	1.	Contract (using contract emolument / central fund / KCDIOM trust fund)	i. Applicable to academic staff (International and Malaysians) and Administrative & Technical staff ii. To fill in the vacant post for specific duration of service using contract emolument, internal central fund or trust fund	Eligible	2.	Contract (with permanent warrant)	i. Applicable to academic staff on DG scheme and Administrative & Technical staff ii. For observation purposes on performance among others staff are required to fulfill certain criteria set by the University before they are appointed as permanent staff	<i>Not Eligible</i>	3.	Contract (after compulsory retirement)	i. Applicable to academic staff and Administrative & Technical staff to fill in the vacant post ii. No replacement of subject matters expert	<i>Not Eligible</i>
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3.	Contract (after compulsory retirement)	i. Applicable to academic staff and Administrative & Technical staff to fill in the vacant post ii. No replacement of subject matters expert	<i>Not Eligible</i>															



No.	Item	Description
3.	Formula	i) $(17.5\% - \text{stipulated \% employer contribution in EPF}^*) \times (\text{last drawn salary} \times \text{completed months of service}^{**}) - (\text{total interest on employer contribution in EPF})$ ii) Should the amount be negative (-), no payment shall be made by the staff. iii) The term of last drawn salary for the purpose of payment of gratuity shall be defined as 'basic salary'. Note: <i>*Average contract appointment period based on the number of contract(s), throughout the total years of service with IIUM or the final contract; whichever is higher.</i>

Notes: ** – Appendix I – Example of Gratuity calculation
– Appendix II - Schedule of Revised Rate of EPF Employer Contribution



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17.02.2025



EXAMPLE OF GRATUITY CALCULATION

1. Formula

- i) $(17.5\% - \text{stipulated \% employer contribution in EPF}) \times (\text{last drawn basic salary} \times \text{completed months of service}) - (\text{total interest on employer contribution in EPF}).$
- ii) Should the amount be negative (-), no payment shall be made by the staff.

2. Example of calculation

A) Average of 4 contracts

- i) Details contract

1 st contract	: 3 years
2 nd contract	: 2 years 2 months
3 rd contract	: 2 years 8 months
4 th contract	: 1 year 24 days
- ii) $\frac{\text{Total period of service}}{\text{Number of Contract}} = \frac{8 \text{ years } 10 \text{ months and } 24 \text{ days}}{4 \text{ contracts}}$
- iii) Average contract period = 2 years 2 months 2 weeks and 6 days
- iv) Completed month = 2 years and 2 months (26 months)
- v) Gratuity payment = $(17.5\% - \text{stipulated \% employer contribution in EPF}) \times (\text{last drawn basis salary} \times 26 \text{ months}) - (\text{total interest on employer contribution in EPF}).$

B) Average of 2 contracts

- 1st contract : 2 years 7 days
- 2nd contract : 1 year 6 months
- i) Details contract

1 st contract	: 2 years 7 days
2 nd contract	: 1 year 6 months
- ii) $\frac{\text{Total period of service}}{\text{Number of Contract}} = \frac{3 \text{ years } 6 \text{ months and } 7 \text{ days}}{2 \text{ contracts}}$
- iii) Average contract period = 1 year 9 months 3 days
- iv) Completed month = 1 year and 9 months (21 months)
- v) Gratuity payment = $(17.5\% - \text{stipulated \% employer contribution in EPF}) \times (\text{last drawn basis salary} \times 21 \text{ months}) - (\text{total interest on employer contribution in EPF}).$



c) **Average of 1 contract**

1st contract : 2 years

i) Details contract 1st contract : 2 years

ii) $\frac{\text{Total period of service}}{\text{Number of Contract}} = \frac{2 \text{ years}}{1 \text{ contract}}$

iii) Average contract period = 2 years

iv) Completed month = 24 months

v) Gratuity payment = $(17.5\% - \text{stipulated \% employer contribution in EPF}) \times (\text{last drawn basis salary} \times 24 \text{ months}) - (\text{total interest on employer contribution in EPF})$.



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APPENDIX II

SCHEDULE OF REVISED RATE OF EPF EMPLOYER CONTRIBUTION

Employee status	Rate of Employee's monthly salary	Level 1 (Age 59 and below)	Level 2 (Age 60 and above)
Malaysian	No limit	-	Employee's : 0% Contribution Employer's : 4% Contribution (Refer to the relevant contribution rate – Part E)
i. Malaysian ii. Permanent Resident iii. Non Malaysian (Registered as member before 1 st August 1998)	RM5,000.00 and below	Employee's : 11% Contribution Employer's : 13% Contribution (Refer to the relevant contribution rate – Part A)	* Applicable to employee status (ii) and (iii) only Employee's : 5.5% Contribution Employer's : 6.5% Contribution (Refer to the relevant contribution rate – Part C)
	More than RM5,000.00	Employee's : 11% Contribution Employer's : 12% Contribution (Refer to the relevant contribution rate – Part A)	* Applicable to employee status (ii) and (iii) only Employee's : 5.5% Contribution Employer's : 6% Contribution (Refer to the relevant contribution rate – Part C)
Non-Malaysian (Registered as member effective 1 st August 1998)	No limit	Employee's : 11% Contribution Employer's : RM5.00 Contribution (Refer to the relevant contribution rate – Part B)	Employee's : 5.5% Contribution Employer's : RM5.00 Contribution (Refer to the relevant contribution rate – Part D)

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