



GLOBAL
EMPLOYER
GUIDE

SINGAPORE





Basic Country Facts

Full Name

- Republic of Singapore

Capital

- Singapore

Main Languages

- Malay
- English
- Tamil
- Mandarin

Population

- 5.639 million

Monetary Unit

- Singapore dollar

Internet Domain

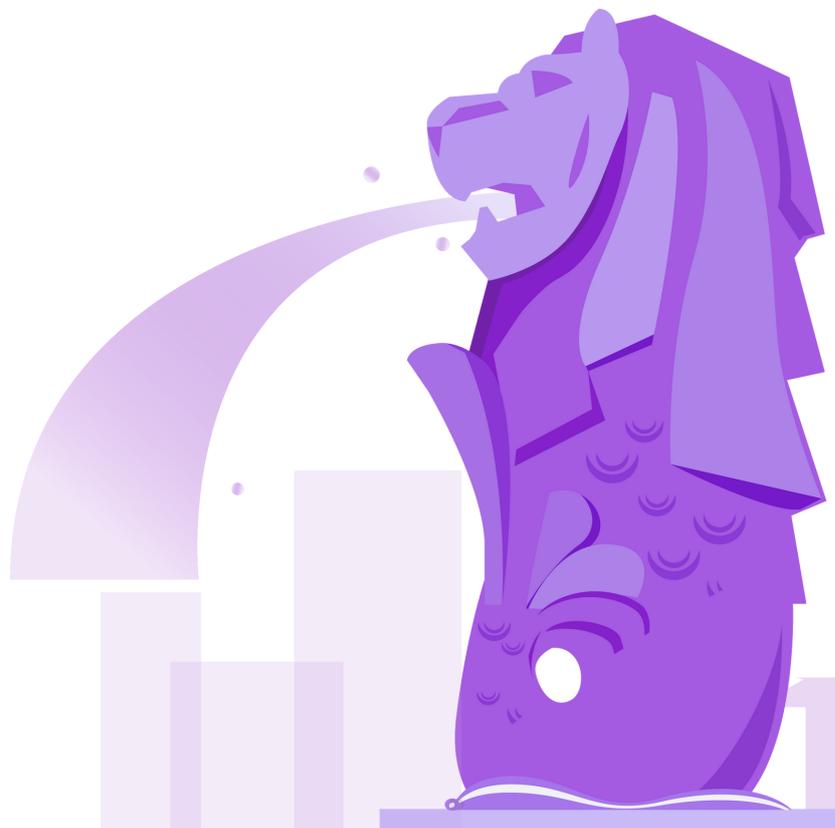
- .sg

International Dialing Code

- +65

Currency

- Singapore dollar



STATUTORY LABOR REQUIREMENTS

Probation Period

- The Employment Act of Singapore does not have any clauses that specifies the probation period for employees.
- However, the standard practice in Singapore is to have a probation (assessment) period ranging between 3 and 6 months, to gauge the performance of the new employee.

Annual Leave

- Although the MOM stipulated requirement is a minimum of seven days of annual leave.
- It's a common practice in Singapore to grant employees a minimum of 14 days of annual leave
- In addition, an additional one day of annual leave will be given for every additional year that you are with the company.

Public Holidays

- New Year's Day (1st January)
- Chinese New Year (25th to 26th January)
- Good Friday (10th April)
- Labor Day (1st May)
- Vesak
- Eid al-Fitr
- Eid al-Adha
- National Day of Singapore (10th August)
- Diwali
- Christmas Day (25th December)



Maternity Leave

- If the child is a Singapore citizen, the mother is entitled to 16 weeks of government-paid maternity leave.
- If the child is NOT a Singapore citizen, the mother is entitled to 12 weeks of maternity leave provided she is covered by the Employment Act.
- Only the first 8 weeks of maternity leave are paid by the government.

Paternity Leave

- All working dads, citizens, PRs and foreigners are eligible for two weeks of paid paternity leave as long as they meet the following requirements:
 - The baby is a Singapore citizen
 - The man has been married to a Singapore citizen between conception and birth

Sick Leave

- Employees are generally entitled to sick leave if:
 - they have worked for the employer for at least three months
 - they have informed their employer within 48 hours of their absence
 - their sick leave is certified by the company's doctor, a company-approved doctor, or a government doctor
- The number of days of paid sick leave is dependent on the length of service.
- Employees who have worked for at least six months are eligible for 14 days of outpatient, non-hospitalization leave and 60 days of hospitalization leave, which includes the 14 days of outpatient leave.

Work Hours

- Working hours should not exceed 44 per week.
- Employees who work 5 or fewer days per week should not work more than 9 hours per day.
- Those who work 5 or more days per week should not work more than 8 hours per day.

Overtime

- Overtime work is all work in excess of the normal hours of work (excluding breaks).
- You can claim overtime if you are:
 - A non-workman earning up to \$2,600.
 - A workman earning up to \$4,500.
- The overtime rate payable for non-workmen is capped at the salary level of \$2,600, or an hourly rate of \$13.60.
- For overtime work, your employer must pay you at least 1.5 times the hourly basic rate of pay.
- Payment must be made within 14 days after the last day of the salary period.

Notice Period

- If your contract specifies a notice period, you must either serve the notice when you resign or pay compensation in lieu of notice.
- Notice can be waived by mutual consent between you and your employer.
- If your employment contract didn't specify the notice period, the notice period required will depend on your length of service.
 - For employment period of less than 26 weeks, notice period is 1 day
 - For employment period of 26 weeks to less than 2 years, notice period is 1 week



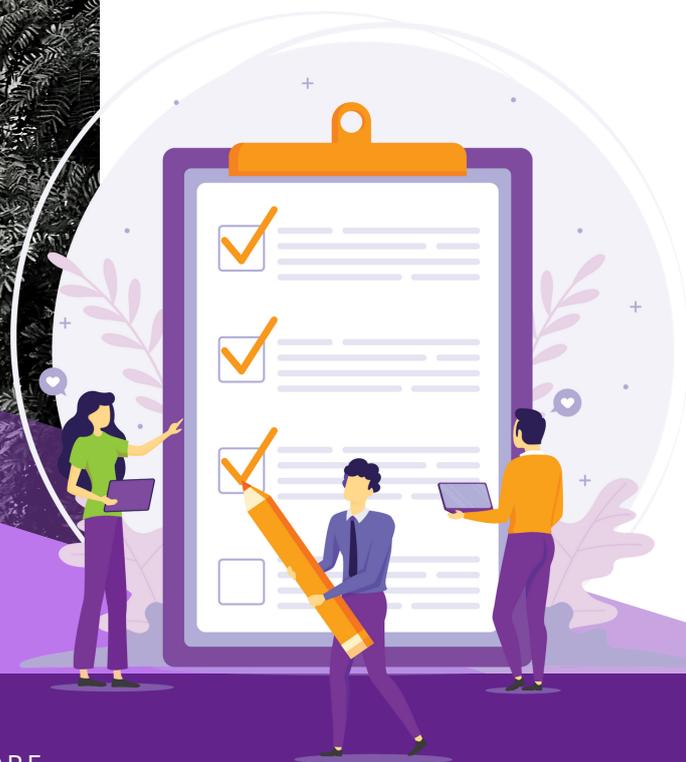
- For employment period of 2 years to less than 5 years, notice period is 2 weeks
- For employment period of more than 5 years, notice period is 4 weeks

Severance

- The common practice in Singapore is to pay between 2 weeks' to one month's salary per year of service.
- An employee who has worked less than three years in a company is not entitled to retrenchment benefits under the Employment Act.

13th Month

- A 13th month or annual bonus is not required but is market norm in Singapore.



Income Tax

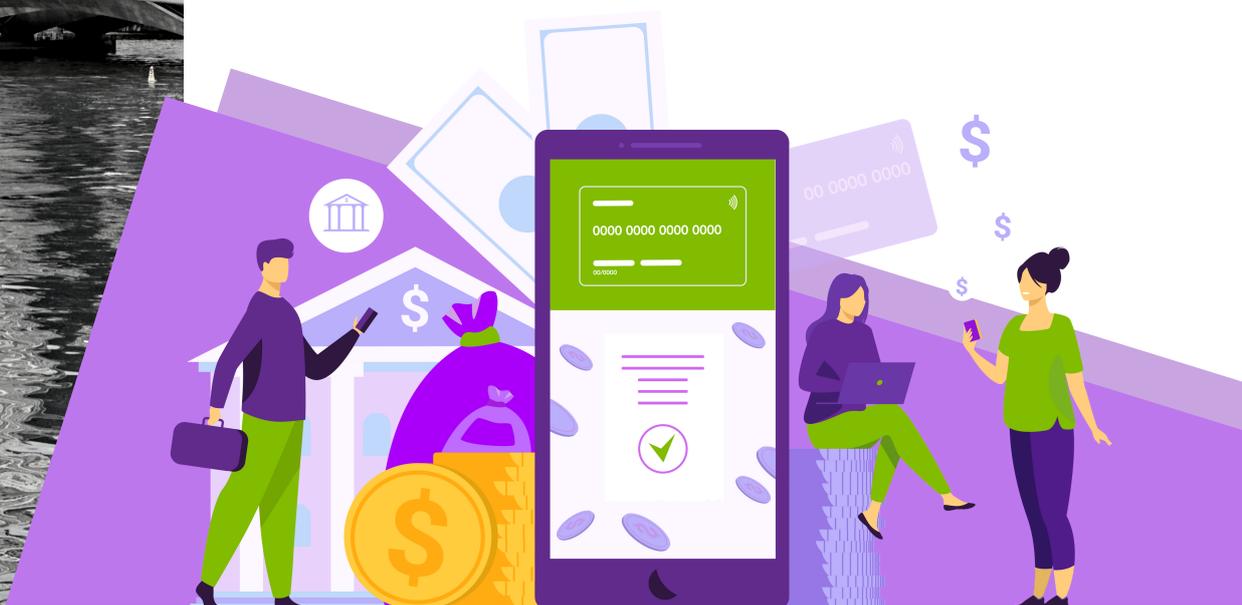
- A person is subject to tax on employment income for services performed in Singapore, regardless of whether the remuneration is paid in or outside Singapore.
- Resident individuals who derive income from sources outside Singapore are not subject to tax on such income.
- This exemption does not apply if the foreign-source income is received through a partnership in Singapore.
- Resident individuals are entitled to certain personal allowances and are subject to graduated tax rates ranging from 0% to 22%.
- Non-resident individuals are not entitled to any personal allowances and are subject to tax at a flat rate of 22%.
- As a concession, employment income of non-residents is taxed at the higher of a flat rate of 15% or the graduated resident rates with personal allowances.
- This concession does not apply to non-resident directors.
- Current rates for the years of assessment 2019 and 2020 (income years 2018 and 2019) are shown below.





Taxable income (SGD)		Years of assessment 2019 and 2020	
Over (column 1)	Not over	Tax on column 1 (SGD)	Percentage on excess (%)
0	30,000	-	2
30,000	40,000	200	3.5
40,000	80,000	550	7
80,000	120,000	3,350	11.5
120,000	160,000	7,950	15
160,000	200,000	13,950	18
200,000	240,000	21,150	19
240,000	280,000	28,750	19.5
280,000	320,000	36,550	20
320,000		44,550	22

- There is a PIT rebate of 50% of tax payable by tax resident individuals for year of assessment 2019, subject to a cap of SGD 200.



Social Security

Central Provident Fund (CPF)

- The Central Provident Fund (CPF) is Singapore's national pension scheme.
- Contributions are payable by Singapore citizens and permanent residents only.
- Employers and employees contribute 17% and 20%, respectively, of ordinary monthly wages, up to an income ceiling of SGD 6,000.
- Their respective maximum contributions are therefore SGD 1,020 and SGD 1,200.
- The rates are applicable to employees aged 55 years and below.
- These rates also apply to additional wages (e.g. year-end bonus), up to a maximum contribution of:
 - the actual additional wages if the annual ordinary wages are not more than the ordinary wage ceiling of SGD 72,000 and the total wages are not more than the maximum contribution of SGD 102,000
 - the difference between the maximum contribution of SGD 102,000 and annual ordinary wages if the total wages exceed the maximum contribution of SGD 102,000 but the annual ordinary wages are not more than the ordinary wage ceiling of SGD 72,000, or
 - the lower of the difference between the maximum contribution and the ordinary wage ceiling (SGD 102,000 - SGD 72,000) or the actual additional wages if annual ordinary wages exceed the ordinary wage ceiling of SGD 72,000.
- Reduced rates apply for employees who are earning less than SGD 750 per month, as well as for those above 55 years of age, although these rates are being gradually increased.

Contribution	Employer	Employee
Central provident Fund	17%	20%

Supplementary Retirement Scheme (SRS)

- The Supplementary Retirement Scheme (SRS) is a voluntary scheme to encourage employees and the self-employed to save for retirement over and above their CPF savings.
- The maximum amount to be contributed is subject to an income cap of SGD 102,000.
- Employers are allowed to contribute to their employees' SRS accounts, subject to the contribution limits below.
- Employees will be taxable on these employer contributions, but will be allowed corresponding tax relief.
- The contribution rate caps for contributions made to the SRS scheme are as follows.

Residency status	Rate cap (%)
Singapore citizens or permanent residents	15
Foreigners	35

Deductible Expenses

Employment Expenses

- Employment expenses can be deducted from employment income if they are wholly and exclusively incurred in the production of the income in Singapore.
- These expenses must have been incurred by the employee in carrying out one's official duties, and cannot have been reimbursed by the employer, of a capital/private nature, or incurred on public transport.

Personal Deductions

- Generally, a 250% deduction may be claimed for qualifying donations to approved charities, foundations, and grant makers.
- Life insurance premiums are deductible but subject to certain conditions, and the total deduction (i.e. contributions to the CPF and life insurance premium) is restricted to SGD 5,000.
- Interest expense may be deductible, provided it is incurred wholly and exclusively in the production of taxable income.
- Mortgage interest is, therefore, deductible only where the property concerned yields income.
- An individual can deduct annual subscriptions paid to professional institutes or societies in which membership is generally required as a condition of employment.
- Subscriptions paid to professional bodies or societies for professional updates, knowledge, and networking are generally allowed as a deduction as well if relevant to the individual's employment duties.



- No deductions are allowed for medical expenses or for any other personal or household expenditure.
- Singapore citizens and permanent residents are allowed deductions against their taxable income for contributions made to the CPF or an approved pension/provident fund but subject to the following limits:
 - Contributions made up to the limit prescribed in the CPF Act.
 - For a self-employed individual, the deduction for contributions made for each year of assessment is restricted to the lower of SGD 37,740 (i.e. CPF contributions up to the specified income ceiling of SGD 102,000) and the CPF contribution rate of 37% applied to the individual's assessable business income.
- A deduction for SRS contributions of up to 15% of income (for Singapore citizens and permanent residents) and up to 35% (for foreigners) can be claimed against the income earned in the year in which the contributions are made (subject to income capping rules).

Personal Reliefs

- Spouse relief: SGD 2,000 provided the spouse is living with or supported by the resident individual taxpayer and the annual worldwide income of the spouse is not more than SGD 4,000.
- Handicapped spouse relief: SGD 5,500 for the maintenance of a handicapped spouse. There is no income threshold for this relief.
- Earned income relief: Lesser of actual earned income or SGD 1,000 if age is under 55; increased for individuals who are 55 and over or are handicapped.
- Child reliefs:
 - Qualifying child relief: SGD 4,000 for each child under the age of 16 years or in full-time education provided the child's annual worldwide income is not more than SGD 4,000.
 - Handicapped child: SGD 7,500 instead of the qualifying child relief of SGD 4,000. There is no income threshold for this relief.
 - Working mother's child relief for each Singaporean child who satisfies all conditions under the qualifying child relief or handicapped child relief is a percentage of the mother's earned income, subject to a cumulative maximum of 100% of her earned income.
 - The percentages applicable for the first, second, and each subsequent child are 15%, 20%, and 25%, respectively.
- Qualifying child relief and handicapped child relief may be apportioned and claimed as agreed between a husband and wife.
- The total relief claimed by husband and wife must not exceed the maximum claim available for each child.
- Aged dependent relief:
 - Aged parent or grandparent maintained by taxpayer in Singapore: SGD 5,500.
 - Aged parent or grandparent maintained and living with taxpayer in Singapore: SGD 9,000.
 - Handicapped aged parent or grandparent maintained by taxpayer in Singapore: SGD 10,000.



- Handicapped aged parent or grandparent maintained and living with taxpayer in Singapore: SGD 14,000.
- Relief for aged parents and grandparents are available subject to the dependent's worldwide income not exceeding SGD 4,000.
- There is no qualifying income threshold for handicapped aged parents and grandparents.
- Aged dependent relief may be shared by two or more taxpayers.
- Grandparent caregiver relief: SGD 3,000 is available to working mothers with Singaporean children aged 12 years and below, subject to certain conditions.
- The cap on the child's age is removed for dependent children who are handicapped and unmarried, with effect from year of assessment 2020.
- With effect from the year of assessment 2018, personal income tax (PIT) reliefs are subject to a cap of SGD 80,000 per year of assessment.



Deductible Expenses

Employment Expenses	<ul style="list-style-type: none"> • Employment expenses can be deducted from employment income if they are wholly and exclusively incurred in the production of the income in Singapore.
Personal Deductions	<ul style="list-style-type: none"> • Generally, a 250% deduction may be claimed for qualifying donations to approved charities, foundations, and grant makers. • Life insurance premiums are deductible but subject to certain conditions, and the total deduction (i.e. contributions to the CPF and life insurance premium) is restricted to SGD 5,000. • Interest expense may be deductible, provided it is incurred wholly and exclusively in the production of taxable income. • Mortgage interest is, therefore, deductible only where the property concerned yields income. • An individual can deduct annual subscriptions paid to professional institutes or societies in which membership is generally required as a condition of employment. • Singapore citizens and permanent residents are allowed deductions against their taxable income for contributions made to the CPF or an approved pension/provident fund • A deduction for SRS contributions of up to 15% of income (for Singapore citizens and permanent residents) and up to 35% (for foreigners) can be claimed against the income earned in the year in which the contributions are made (subject to income capping rules).
Personal Reliefs	<ul style="list-style-type: none"> • Spouse relief: • SGD 2,000 provided the spouse is living with or supported by the resident individual taxpayer and the annual worldwide income of the spouse is not more than SGD 4,000. • Handicapped spouse relief: • SGD 5,500 for the maintenance of a handicapped spouse. There is no income threshold for this relief. • Earned income relief: • Lesser of actual earned income or SGD 1,000 if age is under 55; increased for individuals who are 55 and over or are handicapped. • Qualifying child relief: SGD 4,000 for each child under the age of 16 years or in full-time education provided the child's annual worldwide income is not more than SGD 4,000. • Handicapped child: SGD 7,500 instead of the qualifying child relief of SGD 4,000. There is no income threshold for this relief. • Working mother's child relief for each Singaporean child who satisfies all conditions under the qualifying child relief or handicapped child relief is a percentage of the mother's earned income, subject to a cumulative maximum of 100% of her earned income. • The percentages applicable for the first, second, and each subsequent child are 15%, 20%, and 25%, respectively. • Aged parent or grandparent maintained by taxpayer in Singapore: SGD 5,500. • Aged parent or grandparent maintained and living with taxpayer in Singapore: SGD 9,000. • Handicapped aged parent or grandparent maintained by taxpayer in Singapore: SGD 10,000. • Handicapped aged parent or grandparent maintained and living with taxpayer in Singapore: SGD 14,000. • Relief for aged parents and grandparents are available subject to the dependent's worldwide income not exceeding SGD 4,000. • There is no qualifying income threshold for handicapped aged parents and grandparents. • Aged dependent relief may be shared by two or more taxpayers. • Grandparent caregiver relief: SGD 3,000 is available to working mothers with Singaporean children aged 12 years and below, subject to certain conditions. • With effect from the year of assessment 2018, personal income tax (PIT) reliefs are subject to a cap of SGD 80,000 per year of assessment.

Immigration

- Foreign nationals who intend to take up employment or to engage in a business, profession or occupation in Singapore must first apply for a work pass.
- A Singapore entity, which is normally the employer, must sponsor the work pass application.

Work permit

- A work permit (WP) may be granted to a skilled or unskilled foreign worker who holds qualifications and experience relevant to the position.
- WPs are granted for up to two years at a time and are renewable (maximum employment period in Singapore may apply).
- WPs are subject to sourcing and quota restrictions, and employers are subject to monthly levies for each WP holder employed.

S Pass

- An S Pass is a work pass for individuals with a minimum fixed monthly salary of SGD2,300 and an acceptable tertiary qualification, which may be less than a university degree (for example, a college diploma).
- More experienced applicants are expected to draw higher salaries to qualify for an S Pass.
- The S Pass is subject to a quota and a monthly levy payable by the company.
- The minimum fixed monthly salary for an S Pass application will increase to SGD2,400 from 1 January 2020.

Employment pass

- An employment pass (EP) may be granted to a foreigner who holds an acceptable degree, professional qualifications or specialist skills and has a fixed monthly salary exceeding SGD3,600.
- This minimum qualifying salary applies only to recent graduates from good institutions.
- More experienced applicants are expected to possess a higher salary commensurate with their work experience.
- The authorities reviewing the application may consider the applicant's professional and academic qualifications, special skills with respect to his or her employment and his or her anticipated economic contribution to Singapore.
- Under the Fair Consideration Framework, before the submission of a new EP application, the employer must post the job vacancy to the designated jobs database for a period of at least 14 calendar days.
- Small firms with fewer than 10 employees or jobs that pay a fixed monthly salary of SGD15,000 and above are exempt from the advertising requirement.
- Other exemptions are available.
- Fixed monthly salary includes basic salary and other fixed monthly payments, such as a cost-of-living adjustment and other cash allowances provided to an employee.
- Notably, it does not include the provision of benefits-in-kind, such as housing, or variable payments, such as commissions, bonuses or daily-based allowances.

- A foreign national who receives an in-principle approval for an EP or S Pass may be required to undergo a medical examination or to complete a health declaration form.
- A first-time applicant may be issued an EP/S Pass with a duration of up to two years.
- The EP/S Pass may be renewed for periods of up to three years per renewal.

Personalized employment pass

- An EP holder who earns a fixed monthly salary of at least SGD12,000 may apply for a personalized employment pass (PEP).
- An overseas foreign professional whose last drawn fixed monthly salary (within six months from the date of application) was at least SGD18,000 may also apply.
- The PEP is issued for a non-renewable period of three years and may be issued only once.
- The holder must not be unemployed for a continuous period exceeding six months, and must earn a fixed annual salary of at least SGD144,000 in each calendar year in which he or she holds the PEP.
- Certain requirements for reporting to the Ministry of Manpower are imposed on the PEP holder and his or her employer.
- The PEP provides added flexibility for the holder because the pass is not tied to a particular employer.
- The PEP provides the same dependent privileges as the EP.
- The PEP does not enable the holder to take up freelance work without a direct employer, or to be a business owner (sole proprietor, working partner or director with shareholding).



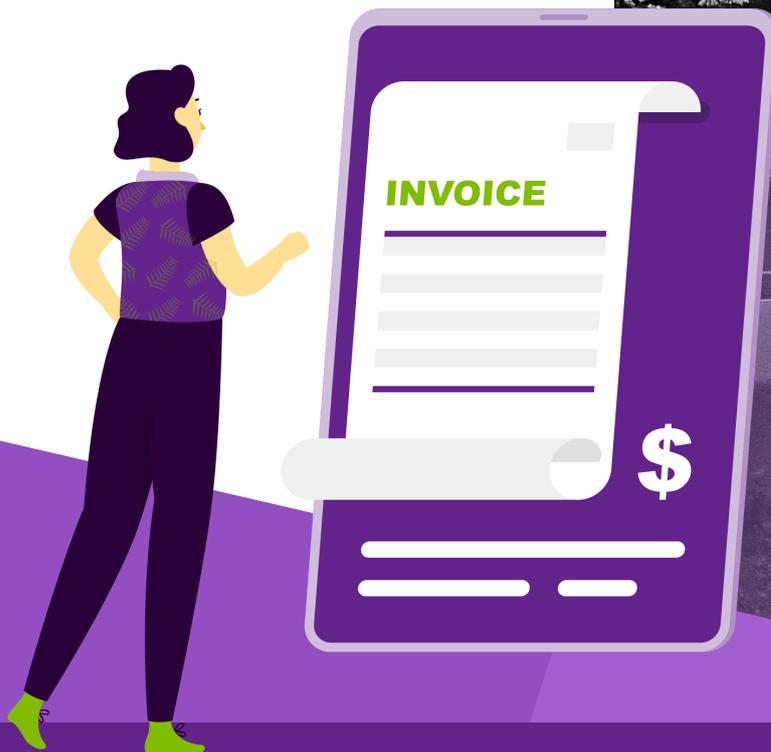
Type of Visa	Documentation	Validity	Eligibility
Work Permit	<ul style="list-style-type: none"> • Singapore employment visa application form. • Job offer letter. • Passport with a minimum of 6 months' validity. • 2 recent photographs. • Mark-sheets, certificates and relevant documents. • Health and travel insurance 	<ul style="list-style-type: none"> • 2 years (may be renewed) 	<ul style="list-style-type: none"> • A work permit (WP) may be granted to a skilled or unskilled foreign worker who holds qualifications and experience relevant to the position. • WPs are subject to sourcing and quota restrictions, and employers are subject to monthly levies for each WP holder employed.
Employment Pass	<ul style="list-style-type: none"> • Completed application form • Job offer letter. • Passport with a minimum of 6 months' validity. • 2 recent photographs. • Mark-sheets, certificates and relevant documents. • Health and travel insurance • Proof of academic qualification 	<ul style="list-style-type: none"> • 2 years (may be renewed for periods of up to 3 years) 	<ul style="list-style-type: none"> • An employment pass (EP) may be granted to a foreigner who holds an acceptable degree, professional qualifications or specialist skills and has a fixed monthly salary exceeding SGD3,600. • This minimum qualifying salary applies only to recent graduates from good institutions. • More experienced applicants are expected to possess a higher salary commensurate with their work experience.
Personalized Employment Pass	<ul style="list-style-type: none"> • Completed application form • Job offer letter. • Passport with a minimum of 6 months' validity. • 2 recent photographs. • Mark-sheets, certificates and relevant documents. • Health and travel insurance • Proof of academic qualification 	<ul style="list-style-type: none"> • 3 years (non renewable) 	<ul style="list-style-type: none"> • An EP holder who earns a fixed monthly salary of at least SGD12,000 may apply for a personalized employment pass (PEP). • An overseas foreign professional whose last drawn fixed monthly salary (within six months from the date of application) was at least SGD18,000 may also apply.



Value Added Tax (VAT)

- Goods and Services Tax ('GST') was introduced into Singapore in 1994 at 3%.
- It is now 7%.
- All taxable supplies of goods or services are liable to GST - exceptions apply to some financial services.
- The GST rate is expected to increase from 7 percent to 9 percent, sometime in the period from 2021 to 2025.

VAT	
Standard Rate	7%
Exempt	0%



Withholding Tax

Dividends

- No withholding tax is imposed on dividends paid by companies' resident in Singapore

Interest

- Interest paid to a nonresident generally is subject to a 15% withholding tax, unless the rate is reduced under a tax treaty or an exemption applies under certain domestic concessions.
- Certain interest paid to nonresident individuals that does not qualify for 15% final rate or a domestic concession is taxed at 22%
- Interest paid to a Singapore resident is not subject to withholding tax

Royalties

- Royalties paid to a nonresident are subject to a 10% withholding tax, unless the rate is reduced under a tax treaty
- Any other royalties paid to nonresident companies that do not qualify for the final rate are taxed at the prevailing corporate tax rate (17% for 2020)
- Payments to nonresident individuals are subject to withholding tax of the lower of 22% on net income or 10% on the gross royalties
- Royalties paid to a Singapore resident are not subject to withholding tax

Fees for technical services

- Payments to nonresidents (other than individuals) for technical services rendered in Singapore are subject to a 17% withholding tax, unless the rate is reduced under a tax treaty
- For nonresident individuals, withholding tax applies at 15% on the gross income unless the individual opts to be taxed at 22% on the net income
- Fees for technical services paid to a Singapore resident are not subject to withholding tax

WHT	
Dividends	N/A
Interest	15%/ 22%
Royalties	10%/ 22%
Technical Service	
Nonresident companies	17%
Nonresident Individuals	15%/ 22%



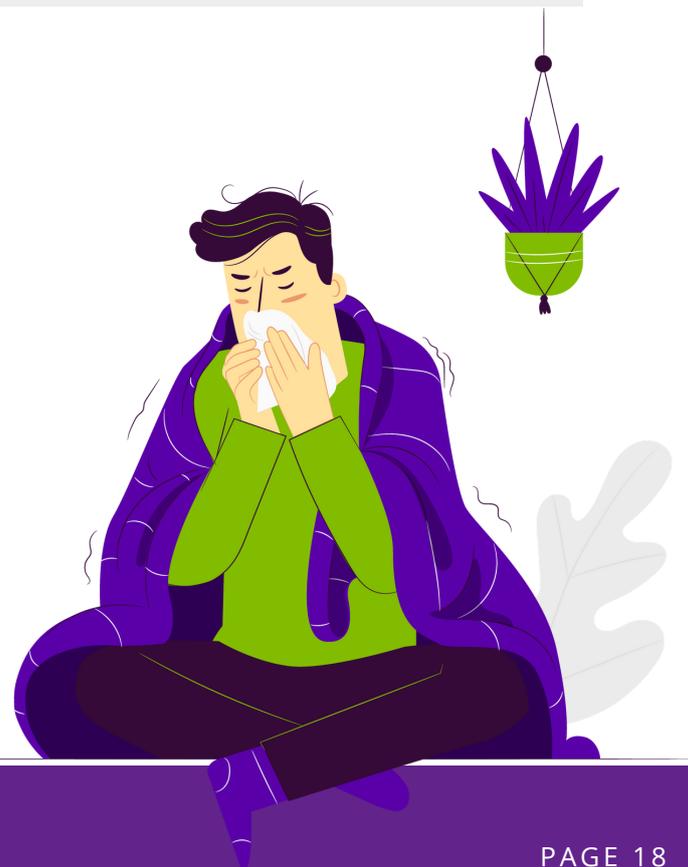
Termination

- Either the employer or employee can terminate a contract of service. Termination may happen because:
 - You resign.
 - Your employer dismisses you.
 - The contract terms have expired, such as when a project or contract period is completed.
- If your contract specifies a notice period, you must either serve the notice when you resign or pay compensation in lieu of notice.
- Notice can be waived by mutual consent between you and your employer.
- If your employment contract didn't specify the notice period, the notice period required will depend on your length of service.
 - For employment period of less than 26 weeks, notice period is 1 day
 - For employment period of 26 weeks to less than 2 years, notice period is 1 week
 - For employment period of 2 years to less than 5 years, notice period is 2 weeks
 - For employment period of more than 5 years, notice period is 4 weeks
- The common practice in Singapore is to pay between 2 weeks' to one month's salary per year of service.
- An employee who has worked less than three years in a company is not entitled to retrenchment benefits under the Employment Act.

Statutory Benefits

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

Statutory Benefits
Public Holidays
Maternity Leave
Paternity Leave
Sick pay
Overtime Pay
Notice period
Severance pay
Social security benefits





Payments and Invoicing

- The tax year in Singapore is the assessment year, and tax is levied on a preceding-year basis.
- For example, in the 2019 assessment year, tax is levied on income from the 2018 calendar year.
- Resident and nonresident individuals must file returns by 15 April of the assessment year.
- Sole proprietors and partners whose annual turnover exceeds SGD500,000 must attach their certified financial statements to their tax returns.
- NOR taxpayers who spend at least 90 days outside Singapore on business may file their tax returns on a “days-in, days-out” basis, subject to certain conditions.
- An individual may pay the tax due for the assessment year in one lump sum within one month after the issuance of a tax assessment.
- Alternatively, the tax may be paid in installments, up to a maximum of 12 per year.

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 Singapore ranked 2nd in the World in 2019 in terms of ease of doing business.

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