



Happy
Lunar new year
2019!

SINGAPORE

Changes to the Employment Act in Singapore

The Singapore Parliament recently passed major amendments to the Employment Act (EA), which will take effect on 1 April 2019. The new law keeps pace with the changes to Singapore's labour force profile and employment practices as executives, professionals, managers and technicians (PMETs) now make up over half the local workforce, with this proportion expected to increase to two-thirds by 2030. The new changes will cover additional 430,000 workers in the managerial and executive positions currently not covered under the Employment Act.

Here are the key amendments for employers to note:

Extension of EA to Cover All Employees

Currently, the core provisions of the EA only apply to workers earning S\$4,500 a month or less. Starting April, the salary cap will be removed and all managers and executives, regardless of their salary levels, will be protected under the Act.

The core entitlements include:

- A minimum of seven to 14 days of paid annual leave;
- 11 paid public holidays;
- Timely payment of salary;
- 14 days of paid sick leave;
- Maternity protection;
- Childcare leave;
- Right to preserve existing terms and conditions in employment transfers resulting from sale of business and business restructuring;
- Protection against unfair dismissal.

Public servants, domestic workers and seafarers will continue to be excluded as they are covered separately under industry-specific legislations.

Extension of Part IV of EA to Protect Rank-and-File Workers

Rank-and-file workers will enjoy enhanced protection when it comes to hours of work, overtime pay and rest days. Part IV of EA currently covers a select group of employees who are workmen earning a basic salary of up to \$4,500 a month and non-workmen earning a basic salary of up to

\$2,500 a month, excluding managers and executives.

To benefit additional 100,000 workers, the salary threshold for non-workmen will be revised from S\$2,500 to S\$2,600 a month. Additionally, the salary cap for overtime pay will be raised from S\$2,250, to S\$2,600. Changes to coverage of employees under Part of IV of the EA are detailed in the table below:

Before Amendments to EA	After Amendments to EA
Workmen earning up to S\$4,500 per month	No change
Non-workmen earning up to S\$2,500 per month	Non-workmen earning up to S\$2,600 per month
Non-workmen: The cap for the monthly basic salary used to calculate the hourly rate for overtime work is S\$2,250 per month ¹	Non-workmen: The cap for the monthly basic salary used to calculate the hourly rate for overtime work is now S\$2,600 per month ²

Enhancement of Employment Dispute Resolution Framework

The adjudication of wrongful dismissal claims will be transferred from the Ministry of Manpower (MOM) to the Employment Claims Tribunal (ECT), which serves as a one-stop service for salary-related and wrongful dismissal claims of employees.

With changes to the Act, employees who seek recourse in respect of unfair dismissal and salary-related claims can now bring their claims to the ECT and will not have to submit two separate claims through the MOM and ECT.

The ECT will have jurisdiction over the following types of unfair dismissal:

- Dismissal on grounds other than poor performance, misconduct or redundancy;
- Dismissal of pregnant employees; and
- Constructive dismissal/forced resignation.

MOM will publish a new set of guidelines to guide the litigation of wrongful dismissals.

More Flexibility for Employers & Employees

Option of Time-Off for Working on Public Holiday to More Employees

Changes to the EA were also directed at providing enhanced flexibility for employers when it comes to staff compensation for work done on public holidays. The below table details the changes to the coverage of options for compensating employees for working on public holidays:

Before Amendments to EA	After Amendments to EA
For all workmen and non-workmen, employers have two options for compensation for working on a public holiday: - Extra day's salary; or - A full-day off	For workmen earning up to S\$4,500 per month, and non-workmen earning up to S\$2,600 per month, employers have two options for compensation for working on a public holiday: - Extra day's salary; or - A full-day off
For managers & executives earning up to S\$4,500 per month, employers have three options for compensation for working on a public holiday: - Extra day's salary; or - A full-day off; or - Time off (less than full day)	For all managers & executives, workmen earning more than S\$4,500 per month, and non-workmen earning more than S\$2,600 per month, employers have three options for compensation for working on a public holiday: - Extra day's salary; or - A full-day off; or - Time off (less than full day)

¹ Formula for calculating overtime pay under the EA:

Hourly rate x 1.5 x number of hours worked overtime

Hourly rate = (12 months x monthly basic salary) / (52 weeks x 44 hours per week)

² No change to the formula for calculating overtime pay under the EA

Employees' Consent Required for Deductions by Employers

Under the new legislation, salary deductions are made more flexible while still protecting the interests of workers. Employees' written consent is required before deductions are made from their salary for accommodation or amenities supplied by the employer, on condition that employees can withdraw such consent at any time without penalty from their employers.

Certification of Paid Sick Leave and Hospitalisation Leave

Currently under the EA, employees are required provide medical certificates issued by government or company-appointed doctors. The amended Act will recognise medical certificates from all registered doctors in Singapore. Beyond acute hospitals, community hospitals, will also be considered an approved hospital and accepted for paid hospitalisation leave.

About BIPO



BIPO is a leading one-stop human resources provider in Asia Pacific, focused on providing organisations with innovative ways to manage complex end-to-end HR processes. Through our cloud and mobile- based Human Resources Management system as well as industry-leading solutions such as Payroll Outsourcing, Attendance Automation, Business Intelligence, HR Consulting, Recruitment & Business Process Outsourcing and Flexible Employee Management, we help companies transform their HR operations to and beyond their expectations, while achieving business goals related to cost and profitability.

Established in Shanghai in 2004, our Asia Pacific headquarters is in Singapore and R&D centre in Indonesia. We have offices in Australia, Hong Kong, India, Japan, New Zealand, Philippines, Vietnam, Taiwan and Thailand with business links in over 10 countries and regions. Visit www.biposervice.com and connect with us on Facebook, LinkedIn and WeChat.