

BIPO TIMES

April 2023 Vol. 68

www.biposervice.com

Understanding Singapore's Labour Laws and Employment Regulations

Overview

Singapore is a city-state and island country located in Southeast Asia, bordering Malaysia in the North and Indonesia in the South. It is known for its modern infrastructure, diverse culture, and efficient governance. As one of the most developed countries in the world, it is known to be a global hub for finance and investment.

Why Invest in Singapore

1. Strategic Location
2. Leading Financial Hub in Asia
3. Prime Hub for Offshore Wealth Management
4. Well-Developed Infrastructure
5. Diversity of Economy
6. Skilled Workforce
7. Stable Political Environment
8. Low Taxes
9. Innovation and Technology
10. Excellent Quality of Life

Basic Country Facts



Capital
Singapore



Population
5,974,326



Currency
Singapore Dollar (SGD)



GDP per Capita
USD 72,794 (as of 2021)

Employment Contract

Key Employment Terms

An employment contract must include the following key employment terms (KETs), unless it is not applicable to the employee:

- Full name of employer
- Full name of employee
- Job title, main duties and responsibilities
- Start date of employment
- Duration of employment (if employee is on fixed-term contract)
- Working arrangements, i.e. daily working hours, number of working days per week, rest day
- Salary period
- Basic salary
- Fixed allowances
- Fixed deductions
- Overtime pay
- Other salary-related components, i.e. bonuses, incentives
- Type of leave, i.e. annual leave, outpatient sick leave, hospitalisation leave, maternity leave, childcare leave
- Other medical benefits, i.e. insurance, medical benefits, dental benefits
- Probation period
- Notice period
- Place of work (optional)

Probation Period

There is no fixed probation period in Singapore. In practice however, the probation period is **ranges between three (3) to six (6) months**. After three months of employment, regardless of whether the employee is still on probation, the employee is eligible to apply for annual leave.

Working Hours

Normal Working Hours

The daily working hours shall not exceed **8 hours per day**, and the weekly working hours shall not exceed **44 hours a week**. The working hours do not include breaks, coffee breaks or meal time.

Rest Time

- **Breaks:** Employees are not required to work more than 6 consecutive hours without a break. However, if the nature of the work necessitates continuous work for up to 8 hours, meal breaks must be provided and the rest time should be **at least 45 minutes long**.
- **Rest Day:** Employees are entitled to **one (1) rest day per week**. The employer determines the rest day, which can be on a Sunday, or any other day of the week. If the rest day is not a Sunday, the employer should prepare a monthly roster and communicate to the employee before the start of each month. The maximum interval allowed between two rest days is 12 days.

Overtime

Employees can only work up to 72 overtime hours in a month. Work on rest day or public holidays is not counted in the 72-hour overtime limit, except for work done beyond the usual daily working hours on those days. Such extra hours are included in the 72-hour limit.

1. Calculation of overtime pay on normal working days

Non-workman earning up to S\$2,600 a month and workman earning up to S\$4,500 a month are entitled to overtime pay.

The overtime pay is calculated as follows:

Overtime pay = Hourly basic rate of pay \times 1.5 \times number of hours worked overtime

Hourly basic rate of pay = $(12 \times \text{Monthly basic rate of pay}) / (52 \times 44)$

2. Calculation for overtime pay on rest day

Payment for work on a rest day is calculated as follows:

If work is done	For up to half your normal daily working hours	For more than half your normal daily working hours	Beyond your normal daily working hours
At the employer's request	1 day's salary	2 days' salary	2 days' salary + overtime pay
At the employee's request	Half day salary	1 day's salary	1 day's salary + overtime pay

Overtime on rest day or public holiday is calculated as follows:

Overtime pay = (Hourly basic rate of pay \times 1.5 \times Number of hours worked overtime) + (Rest day or public holiday pay)

3. Calculation for overtime pay on public holidays

If an employee is required to work on a public holiday, the employer has to pay them an extra day's wages, or the employer and employee have an agreement, and can also arrange public holidays compensatory leave on any working day after the overtime day.

Leave Types

Leave Entitlements

Employees are entitled the following types of leave:

Leave Type	Entitlement	Remarks
Annual Leave	7 – 14 days	Annual leave entitlement depends on how many years of service the employee have worked for their employer. Employees can only apply for annual leave after working for three (3) months. Employee who worked for less than one (1) year will have pro-rated leave days.

Leave Type	Entitlement	Remarks
Outpatient Sick Leave	14 days	An employee must have worked for at least three (3) months to be entitled for paid outpatient and paid hospitalisation leave. Employees are required to inform their employers within 48 hours if they are unable to report for work and submit their medical certificate (MC) upon return to work.
Hospitalisation Leave	15 – 60 days	
Maternity Leave	12 – 16 weeks	<p>Expecting mothers will have to fulfil the following requirements to be eligible for 16 weeks of paid maternity leave:</p> <ul style="list-style-type: none"> • The child is a Singapore citizen. • For employees: have worked for employer at least three (3) continuous months before giving birth • For self-employed: have been working for at least three (3) continuous months and lost income during maternity leave. <p>*Mothers are only entitled to half of maternity leave payment if employer is not notified at least one (1) week before she goes on leave, unless a good reason is given.</p>
Paternity Leave	2 weeks	<p>Fathers are eligible for two (2) weeks of paid maternity leave if they meet the following requirements:</p> <ul style="list-style-type: none"> • The child is a Singapore citizen. • Are or had been lawfully married to the child's mother before birth. • For employees: have worked for employer at least three (3) continuous months before birth of child • For self-employed: have been working for at least three (3) continuous months before birth of child and lost income during paternity leave. <p>Adoptive fathers are eligible for two (2) weeks of paid maternity leave if they meet the following requirements:</p> <ul style="list-style-type: none"> • The child is a Singapore citizen. • For employees: have worked for employer at least three (3) continuous months before date of formal intent to adopt • For self-employed: have been working for at least three (3) continuous months before date of formal intent to adopt and lost income during paternity leave.
Childcare Leave	6 days	<p>Working parents are entitled to 6 days of childcare leave if they meet the following requirements:</p> <ul style="list-style-type: none"> • The child is below seven (7) years old. • The child is a Singapore citizen. • For employees: have served your employer for at least three (3) continuous months. • For self-employed: you have been engaged in your work for at least three (3) continuous months and have lost income during the childcare leave period.

Leave Type	Entitlement	Remarks
Extended Childcare Leave	2 days	<p>Parents are eligible for extended childcare leave if they meet the following requirements:</p> <ul style="list-style-type: none"> • Youngest child is between 7 and 12 years old (inclusive). • The child is a Singapore citizen. • For employees: have served your employer for a continuous period of at least three (3) months. • For self-employed: have been engaged in your work for a continuous period of at least three (3) months, and have lost income during the childcare leave period.
Shared Parental Leave	4 weeks	<p>Working fathers, including one who is self-employed, are entitled to shared parental leave if they meet the following requirements:</p> <ul style="list-style-type: none"> • The child is a Singapore citizen. • The child's mother qualifies for Government-Paid Maternity Leave (GPML). • You are lawfully married to the child's mother.

Public Holiday

Singapore observes a total of **11 days of public holidays**:

Public Holiday	Date
New Year's Day	1 January
Chinese New Year	22 – 23 January
Good Friday	7 April
Hari Raya Puasa	22 April
Labour Day	1 May
Vesak Day	2 June
Hari Raya Haji	29 June
National Day	9 August
Deepavali	12 November
Christmas Day	25 December

Termination of Employment

Termination Letter

Termination letter is **mandatory**. Any notice of termination either by the employee or employer must be in writing. No termination letter will result in the employee still being considered as an employee of the company.

Notice Period

If the employment contract specifies the contract period, when the employee resigns, they must:

1. Serve the notice period, or
2. Pay compensation in lieu of notice to your employer

Notice can be waived by mutual consent by both employer and employee. The waiver should be done in writing.

If the employment contract does not specify the notice period, the notice period required will depend on the length of service.

Years of Service	Notice Period
Less than 26 weeks	1 day
26 weeks to less than 2 years	1 week
2 years to less than 5 years	2 weeks
5 years or more	4 weeks

Compensation and Retrenchment Benefits

Employees who have worked at the company for at least two (2) years are eligible for retrenchment benefit. Employees who worked for less than two (2) years may be granted an ex-gratia payment out of goodwill.

Amount of retrenchment benefit depends on the employment contract or collective agreement (for unionised companies). Employer and employees, or the union, can negotiate the amount if it's not written in the contract or collective agreement.

The norm for retrenchment benefit is usually 2 weeks to 1 month of salary per year of service.

Unionised companies usually pay 1 month of salary for each year of service, according to the amount of retrenchment benefits stated in the collective agreement.

Statutory Contributions

Statutory Contributions

Statutory contributions in Singapore are paid only by its citizens and permanent residents.

Items	Purpose	Employee Contribution (%)	Employer Contribution (%)
Central Provident Fund (CPF)	<ul style="list-style-type: none">RetirementHealthHousingEducation	20% of wage for age 55 and below	17% of wage for age 55 and below
Skills Development Fund (SDL)	Support workforce upskilling programmes	-	<ul style="list-style-type: none">0.25% of monthly wage.Minimum SGD 2 for wages less than SGD 800.Maximum SGD 11.25 for wages more than SGD 4,500.
SHG Funds	Uplift low-income households and the less privileged communities	Contribution depends on employees' race/religion Rate ranges from SGD 0.50 - 30	-

Article contributed by

Rebecca Zhong

Global Mobility Solutions Specialist

E: rebecca.zhong@biposervice.com

Around the World with BIPO

Singapore

2 March

A Guide to Overseas Expansion: Singapore
- Highlighting Singapore's Work Pass (Virtual)

22 – 24 March

China's Machinery & Electronics Show
in Singapore 2023



23 March

BIPO x SMEC@SouthWest
Business Transformation Series



About BIPO

Established in 2010 and headquartered in Singapore, BIPO is a global payroll and people solutions provider.

Our enterprise-ready **Human Capital Management (HCM) solution** automates HR processes, simplifies workflows, and delivers actionable insights. Complemented by our **global payroll outsourcing** and **Employer of Record (EOR)** services, we support your global workforce needs through a network of 40+ offices, four R&D centres, and business partners in 100+ markets.

Connect with our experts today: hello@biposervice.com

Copyright © 2023 BIPO Service. All rights reserved.

Find out more



www.biposervice.com



www.facebook.com/biposvc



www.linkedin.com/company/bipo-svc

