

## **Overview**

Singapore's Employment Act provides a comprehensive legal framework that governs the employer-employee relationship. Compliance with the act is essential for legal and ethical business practices.

Explore the key provisions of the act and understand how these affect the workplace.

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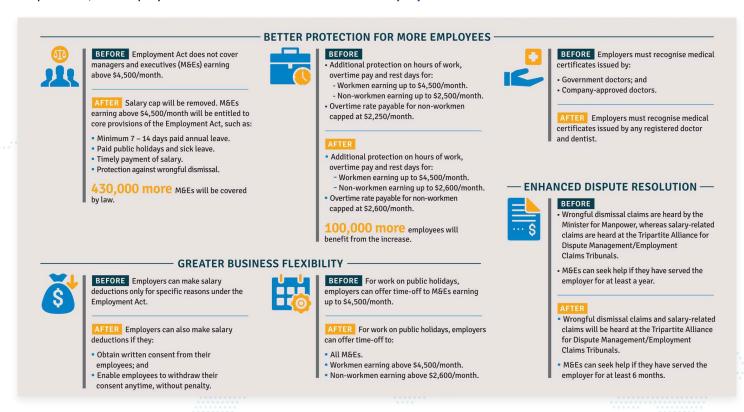
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## Key Provisions of Singapore's Employment Act

Minimum Employment Terms and Conditions	Provides a baseline for employee protection.	
Regulations for Salary, Working Hours, and Overtime	Ensure fair compensation and prevents overwork.	
Employee Entitlements, such as Leave and Benefits	Provides work-life balance and employee satisfaction.	

## **Amendments to the Employment Act**

1 April 2019, the Employment Act was amended to cover all employees.



Source: Singapore Ministry of Manpower

## **Contract of Service**

A **contract of service** defines the employer-employee relationship, including the terms and conditions of employment. The contract must include key employment terms (KETs) and essential clauses, such as hours of work and job scope.

A contract of service is an agreement in which:

- One person agrees to employ another as an employee.
- The other person agrees to serve the employer as an employee.

Employers must issue KETs in writing to all employees who meet all the following requirements:

- Enter a contract of service on or after 1 April 2016.
- Are covered by the Employment Act.
- Are employed for 14 days or more. This refers to the length of contract, not the number of days of work.



## **Key Employment Terms (KET)**

Number	Item Description		
1	Full name of employer.		
2	Full name of employee.		
3	Job title, main duties, and responsibilities.		
4	Start date of employment.		
5	Duration of employment (if employee is on fixed-term contract).		
6	<ul> <li>Working arrangements, such as:</li> <li>Daily working hours (e.g. 8.30am – 6pm).</li> <li>Number of working days per week (e.g. six).</li> <li>Rest day (e.g. Saturday).</li> <li>Use <u>KET Verification tool</u> to check if work arrangements meet the Employment Act requirements.</li> </ul>		
7	Salary period.		
8	Basic salary.  For hourly, daily, or piece-rated workers, employers should also indicate the <u>basic rate of pay</u> (e.g. \$X per hour, day or piece).		
9	Fixed allowances.		
10	Fixed <u>deductions</u> .		
11	Overtime payment period (if different from item 7 salary period).		
12	Overtime rate of pay.		
13	Other salary-related components, such as: <ul><li>Bonuses</li><li>Incentives</li></ul>		
14	Types of leave, such as:      Annual leave     Outpatient sick leave     Hospitalisation leave     Maternity leave     Childcare leave		
15	Other medical benefits, such as:  Insurance  Medical benefits  Dental benefits		
16	Probation period.		
17	Notice period.		
(Optional) Place of work.  18 Used if the work location is different from the employer's address. Although optional, you a strongly encouraged to include this info.			



## **Starting a Contract of Service**

The contract is in effect when the new recruit turns up for work on the appointed starting date.

If the recruit fails to turn up:

- The Employment Act does not apply, as the employer-employee relationship did not start.
- The employer cannot claim notice pay or any compensation in accordance with the Act.
- Any claims for compensation by the employer will have to be a civil claim through a lawyer.

## **Confirmation of an Employee**

Confirmation depends on the terms in the contract, as it is not covered by the Employment Act.

## **Termination and Resignation**



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## Resignation

Employees are also free to resign from their employment. Providing proper notice and to legal requirements is essential.

## **Redundancy & Retrenchment**

Employers can terminate employees due to redundancy or retrenchment.

The legal requirements vary depending on the employees affected is essential.

## Misconduct & Poor Performance

Employers can terminate an employee for misconduct or poor performance. The legal requirements vary depending on length of service and contract type.

#### **Termination with Notice**

If your contract specifies a notice period, you must either serve the notice when you resign or pay <u>compensation in lieu</u> <u>of notice</u>. Notice can be waived by mutual consent between you and your employer.

## **Termination Letter**

A termination letter is **mandatory**. Any notice of termination, either by you or your employer, must be in writing. If you did not receive a termination letter, ask your employer to give you one. Otherwise, you are still considered as an employee of the company.

## **Serving your Notice Period**

If your employment contract specify the notice period, when you resign, you must:

- Serve the notice period, OR
- Pay compensation in lieu of notice to your employer.

Notice can be waived by mutual consent between you and your employer.

The length of notice period must be:

- The same for the employer and employee.
- As agreed according to the employment contract.



### **No Notice Period in Contract**

If your employment contract didn't specify the notice period, the notice period required will depend on your length of service.

Length 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

## **Contract for Service**

In a **contract for service**, an independent contractor, such as a self-employed person or vendor, is engaged for a fee to carry out an assignment or project.

This table summarises the main differences between the two:

Contract of Service	Contract for Service	
Has an employer-employee relationship	Has a client-contractor type of relationship	
Employee does business for the employer	Contractor carries out business on their own account	
May be covered by the Employment Act (Find out who is covered)	Not covered by the Employment Act	
Includes terms of employment such as working hours, leave benefits, etc.	Statutory benefits do not apply	

Some of the factors to be considered in identifying a contract of employment include:

Control	<ul><li>Who pays for er</li><li>Who determine</li></ul>	n the recruitment and dismissal of en mployees' wages and in what ways? es the production process, timing, an sible for the provision of work?	
Ownership of Factors of Production	·	the tools and equipment? the working place and materials?	
Economic Considerations	Can the person	carried out on the person's own acco share in profit or be liable to any risl gs calculated and profits derived?	



## **Key Terms of Engagement Template for Self-employed Persons**

Self-employed persons (SEPs) can use the <u>KETs template for SEPs</u> to request your service-buyers to provide key terms of engagement.

Service-buyers can use the template as a guide.

As a service-buyer, if you include all suggested terms in **Sections A – E**, you are ready to adopt the <u>Tripartite Standard on Contracting with SEPs</u>. You are encouraged to do so.

We also encourage SEPs to get your service-buyers to adopt the Tripartite Standard on Contracting with SEPs.

## **Working Hours and Overtime**

Standard Working Hours	8 hours per day, 44 hours per week.
Overtime Pay	Employees are entitled to overtime pay for work beyond stipulated hours. This ensures their well-being and prevents burnout.
Rest Days and Public Holidays	Employees are entitled to at least one rest day per week and public holiday pay. This ensures a work-life balance.

### Who is Covered under Part IV

Part IV of the Employment Act, which provides for <u>rest days, hours of work and other conditions of service</u>, only applies to:

- A workman (doing manual labour) earning a monthly basic salary of not more than \$4,500.
- An employee who is not a workman, but who is covered by the Employment Act and earns a monthly basic salary of not more than \$2,600.

Part IV of the Act does not cover all managers or executives.

## Who is a Manager or Executive

In general, managers and executives are employees with executive and supervisory functions.

Their duties and authority may include one or all of the following:

- Making decisions on issues such as recruitment, discipline, termination of employment, performance assessment and reward.
- Formulating strategies and policies of the enterprise.
- Managing and running the business.

They also include professionals with tertiary education and specialised knowledge or skills whose employment terms are like those of managers or executives. For example:

- Advocates and solicitors
- Chartered accountants
- Practising doctors and dentists



### Who is a Workman

Generally, workman is someone whose work involves mainly manual labour.

This includes someone who falls under any of these categories:

- Does manual work (including artisans and apprentices, but not seafarers or domestic workers).
- Operates or maintains commercial vehicles with passengers.
- Supervises manual workers, but also performs manual work more than half their working time.
- Has a job specified in the First Schedule of the Employment Act, namely:
  - Cleaner
  - · Construction worker
  - Labourer
  - Machine operator and assembler
  - Metal and machinery worker
  - Train, bus, lorry and van driver
  - Train and bus inspector
  - Workman employed at piece rates at an employer's premises

## **Overtime Pay**

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 a monthly basic salary of \$2,600 or less.
- A workman earning a monthly basic salary of \$4,500 or less.

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.

Maximum Hours of Work	Maximum Hours of Overtime
As an employee, you are not allowed to work more than 12 hours a day.	An employee can only work <b>up to 72 overtime hours</b> in a month.
However, your employer can ask you to work more than 12 hours a day in the following circumstances:  • An accident or threat of accident.	Employers can apply for an exemption if they require employees to work more than the 72 hours of overtime in a month.
<ul> <li>Work that is essential to the life of the community, national defence or security.</li> <li>Urgent work to be done to machinery or plant.</li> <li>An interruption of work that was impossible to</li> </ul>	<b>Note:</b> these <u>work activities</u> will not be granted exemption.
foresee.	Work on rest day or public holidays is not counted in the 72-hour overtime limit, except for work done
Working more than 12 hours a day (overtime exemption)	<b>beyond</b> the usual daily working hours on those days. Such extra hours are included in the 72-hour limit.
If an employer requires employees to work more than 12 hours a day (up to a maximum of 14 hours), they must apply for an overtime exemption.	Overtime on a rest day or public holiday is calculated as follows:
	<ul> <li>(Hourly basic rate of pay × 1.5 × Number of hours</li> </ul>

worked overtime) + (Rest day or public holiday pay)

### **Rest Day**

- Your employer must provide 1 rest day per week.
- A rest day comprises 1 whole day (midnight to midnight). It is not a paid day.
- For **shift workers**, the rest day can be a continuous period of **30 hours**. A 30-hour rest period that starts before 6pm on a Sunday is considered as 1 rest day within the week, even if it extends into the Monday of the following week.
- A week is continuous period of 7 days starting from Monday and ending on Sunday.
- Your employer cannot compel you to work on a rest day, unless under exceptional circumstances.

#### How pay for work on a rest day is calculated

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

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

## **Public Holidays**

2023 Public Holidays				
1 January 2023	Sunday	A STATE OF THE PARTY OF THE PAR	New Year's Day Monday, 2 January 2023, will be a public holiday.	
22 January 2023 23 January 2023	Sunday Monday	春	Chinese New Year Tuesday, 24 January 2023, will be a public holiday.	
7 April 2023	Friday	1	Good Friday	0
22 April 2023	Saturday	**	Hari Raya Puasa	
1 May 2023	Monday	A	Labour Day	
2 June 2023	Friday	<b>9</b>	Vesak Day	
29 June 2023	Thursday		Hari Raya Haji	
9 August 2023	Wednesday		National Day	
1 September 2023	Friday		Polling Day	
12 November 2023	Sunday		<b>Deepavali</b> <i>Monday, 13 November 2023, will be a public holiday.</i>	
25 December 2023	Monday		Christmas Day	



### If You Work on a Public Holiday

If you work on a public holiday, by default, your employer should pay you an additional day's pay.

Alternatively, by mutual agreement, you can get one of the following:

- A public holiday in lieu.
- Time off in lieu (only for employees not covered under Part IV of the Employment Act).

## Time off in lieu for Employees not covered under Part IV of Employment Act

If you are not covered under Part IV of the Employment Act, your employer can grant you time off in lieu for working on a public holiday. The time off should consist of a mutually agreed number of hours.

If there is no mutual agreement on the duration of time off in lieu, your employer can decide on one of the following:

- Pay an extra day's salary at the basic rate of pay for one day's work.
- For working 4 hours or less on a holiday, grant time off in lieu of 4 hours on a working day.
- For working more than 4 hours on a holiday, grant a full day off on a working day.

## **Leave Entitlements**

	Annual Leave	Employees are entitled to <b>seven days' leave</b> after 12 months of service and the entitlement increases by 1 day each year until the maximum of 14 days at the 8th year.
Sick Leave employee		Employees can take paid sick leave for illness or medical appointments. This ensures employee well-being. The <b>total hospitalization leave</b> entitlement is <b>60 days</b> including <b>14 days sick leave</b> .
	Childcare, Maternity and Paternity Leave	Eligible employees are entitled to <b>16 weeks of maternity leave</b> , <b>two weeks of paternity leave</b> and <b>six days childcare leave</b> . This ensures work-life balance for employees with young children.

### **Leave Entitlement Changes**

#### **Leave Entitlements for Parents of Infants**

- The Government-Paid Paternity Leave (GPPL) will be increased from the current two weeks to four weeks for eligible working fathers of Singapore children born on or after 1 January 2024.
- For a start, the additional two weeks of GPPL will be voluntary, so that employers who are able to do so can grant the additional leaves to their employees and will be reimbursed by the government.

## Workplace Safety and Health

### **Key Provisions**

- Safety and health standards must be maintained.
- Training and education programs must be provided.
- Equipment and machinery must be maintained and inspected regularly.



## **Employee Responsibilities**

- Employees must comply with safety and health rules and regulations.
- Employees must report accidents and near-misses to their supervisor or employer immediately.
- Employees must participate in workplace safety and health programs and activities.

## **Discrimination & Harassment**



### **Discrimination**

The Employment Act prohibits discrimination based on age, race, gender, religion, and other factors. Employers must ensure equal treatment and opportunities for all employees.

#### **Harassment**

The Employment Act also prohibits sexual harassment and other forms of harassment. Employers must ensure a safe and respectful work environment for all employees.



## **Diversity & Inclusion**

Embracing diversity and creating an inclusive workplace culture is essential for business success and employee satisfaction.

## **Statutory Contributions**

### Central Provident Fund (CPF)

Employers and Employee contribution.

### **Skills Development Levy**

• Employer must contribute for all employees including foreign workers.

### **Self-help Groups**

- CDAC (for all Singapore Citizens and Singapore PR Chinese Community)
- ECF (for all Singapore Citizens and Singapore PR Eurasian Community)
- MBMF (For all working Muslims in Singapore including foreign workers)
- SINDA (For Singapore Citizens, Singapore PR and EP holders of Indian descent)



# **Upcoming Changes to Singapore CPF's Contribution Rates**

## 1. Increase in CPF Ordinary Wage ceiling for 1 September 2023 and 1 January 2024

- (a) The CPF Ordinary Wage (OW) ceiling limits the amount of OW that attract CPF contributions in a calendar month for all employees. The OW ceiling will be raised from \$6,000 to \$8,000 by 2026, with the first increase to take place on 1 September 2023. The increase will take place in four steps to allow employers and employees to adjust to the changes.
- (b) There will be no change to the CPF annual salary ceiling of \$102,000, which sets the maximum amount of CPF contributions payable for all salaries received in the year, inclusive of both Ordinary Wages and Additional Wages.
- (c) There will be no changes to the Additional Wage ceiling and CPF Annual Limit, where they will remain at [\$102,000 Total Ordinary Wage subject to CPF for the year] and \$37,740 respectively.

Please refer to the table below for the CPF OW and annual salary ceilings from 2023 to 2026.

	CPF OW ceiling	CPF annual salary ceiling	
From 1 Jan to 31 Aug 2023	\$6,000		
From 1 Sep to 31 Dec 2023	\$6,300 (+\$300)		
From 1 Jan to 31 Dec 2024	\$6,800 (+\$500)	\$102,000	
From 1 Jan to 31 Dec 2025	\$7,400 (+\$600)		
From 1 Jan 2026	\$8,000 (+\$600)		

## 2. Increase in CPF Contribution Rates from 1 January 2024

(a) The CPF contribution rates for employees aged above 55 to 70 will be increased to strengthen their retirement adequacy. The changes will apply to wages earned from 1 January 2024:

## For employees earning monthly wages > \$750

Employee's age	Current	CPF Cont	Jan 2024	
(years)	Total (% of wage)	Total (% of wage)	By employer (% of wage)	By employee (% of wage)
55 and below	37	37	17	20
Above 55 to 60	29.5	31 (+1.5)	15 (+0.5)	16 (+1)
Above 60 to 65	20.5	22 (+1.5)	11.5 (+0.5)	10.5 (+1)
Above 65 to 70	15.5	16.5 (+1)	9 (+0.5)	7.5 (+0.5)
Above 70	12.5	12.5	7.5	5

Note: Figures in brackets () denote increase in rates

Source: Central Provident Fund Board (CPFB)



## **Upcoming Changes to Employment Passs Eligibility**

## **Complementarity Assessment Framework (COMPASS)**

From 1 September 2023, EP candidates must pass a two-stage eligibility framework. In addition to meeting the <u>qualifying salary</u> (Stage 1), EP candidates must pass a points-based Complementarity Assessment Framework (COMPASS) (Stage 2).

COMPASS enables employers to select high-quality foreign professionals, while improving workforce diversity and building a strong local core. It is a transparent system that gives businesses greater clarity and certainty for manpower planning.

#### **COMPASS** will apply to:

- New applications from 1 September 2023
- Renewals for passes expiring from 1 September 2024

How COMPASS works					
	Individual Attributes	Firm-Related Attributes			
Foundational Criteria	C1. Salary  Relative to local PMET salary norms for sector  C2. Qualifications  Based on candidate's qualifications	C3. Diversity  Whether candidate improves nationality diversity in firm  C4. Support for Local Employment  Based on local PMET share relative to industry peers			
Bonus Criteria	C5. Skills Bonus (Shortage Occupation List) For candidate in job where skills shortages exist	C6. Strategic Economic Priorities Bonus  For partnership with Government on ambitious innovation or internationalisation activities			

## **40 points** are required to pass COMPASS:

Points for each foundational criterion	Assessment
20	Exceeds expectations
10	Meets expectations
0	Does not meet expectations

Source: Ministry of Manpower (MOM)

#### **Criteria Details**

Foundational Criteria	Points		
C1. Salary (Individual)  Fixed monthly salary compared to local professionals, managers, executives and technicians (PMET) salaries in sector by age			
• ≥ 90 <sup>th</sup> percentile	20		
• 65 <sup>th</sup> to < 90 <sup>th</sup> percentile	10		
• < 65 <sup>th</sup> percentile	0		
C2. Qualification (Individual) Based on candidate's qualifications			
Top-tier institution	20		
Degree-equivalent qualification	10		
No degree-equivalent qualification	0		

Foundational Criteria	Points			
C3. Diversity (Firm-related) Share of candidate's nationality among firm's PMETs*				
• <5%	20			
• 5% to < 25%	10			
• ≥ 25%	0			
C4. Support for local employment (Firm-related) Firm's share of local PMETs within its sector*				
• ≥ 50 <sup>th</sup> percentile	20			
• 20 <sup>th</sup> to < 50 <sup>th</sup> percentile	10			
• < 20 <sup>th</sup> percentile	0			

Bonus Criteria	Points
C5. Skills Bonus - Shortage Occupation List (Individual)	
Job on the Shortage Occupation List	+20#
C6. Strategic Economic Priorities Bonus (Firm-related)	
Firm meets specific assessment criteria on investment, innovation, internationalisation, or company and workforce transformation activities	+10

## With the introduction of COMPASS, is the Self-Assessment Tool (SAT) still relevant?

Yes! MOM's Self-Assessment Tool (SAT) will be enhanced to include not only the EP qualifying salary, but also whether an application or renewal request meets the COMPASS criteria. This will help you to predict whether your application or renewal request will be successful.

Simply log in to the SAT with your Employment Pass eService account. Then, all you need to do is enter the details of your candidate and their job. The SAT will then tell you whether the candidate can qualify for an EP.

♥ Quick Tip

Your organisation's data privacy for COMPASS C3
and C4 scores is important. To protect it, EP eService
logins are required to access the enhanced SAT.

#### If the SAT says no, the application will likely be rejected.

If the SAT says yes, the application or renewal will likely be approved. An application or renewal will be rejected if it fails to meet verification or other checks, or when there are adverse records.

♥ Quick Tip

The SAT assessment results will be downloadable as a PDF so you can easily share it with relevant parties.

Why can't the SAT check everything before an application or renewal request is submitted?

The SAT gives you an indicative outcome so you can plan. Some of the final checks can only be done after you submit the application or renewal request.



Source: Ministry of Manpower (MOM)



## **Around the World with BIPO**

## **Singapore**

11-12 Sep

Mercer 2023 Asia HR Conference

13 Sep

**SME Centre Conference** 

**21** Sep

People Analytics Masterclass with Henry Liew



## **Vietnam**

12 Sep

Ask our Expects Series: Payroll Compliance with Kelly Chen



## **Hong Kong**

**15 Sep**HKIHRM Annual Conference
& Exhibition



## Indonesia

20 Sep

Indonesia HR Expo and Symposium 2023 (IHRES)

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## **Sources**

- 1. Singapore Ministry of Manpower (MOM)
- 2. Central Provident Fund Board (CPFB)

## **About BIPO**

Established in 2010 and headquartered in Singapore, BIPO is a global payroll and people solutions provider. Our comprehensive total HR solutions include our Human Capital Management (HCM) suite, Global Payroll Outsourcing (GPO) and Employer of Record (EOR) service across 150+ global markets.

Connect with our experts today: <a href="mailto:hello@biposervice.com">hello@biposervice.com</a>

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