PERSOL HR DATA BANK in APAC

SINGAPORE

Labor Laws

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## INDEX

1. Points to consider regarding labor management in Singapore, characteristics of labor practice in Singapore, and status of recent labor policy
   1-1. Labor laws that are predominantly favorable for companies
   1-2. High turnover rate
   1-3. Acquisition of pass
   1-4. Trade union
   1-5. Existence of laws of Singapore as a common law system
   2. Overview of basic labor laws of Singapore
      2-1. Overview of labor-related statutes
      2-2. Scope of the Employment Act
      2-3. Points to consider in setting wages
      3-1. Duty to prepare Employment Handbook
      3-2. Purpose of Employment Handbook
      3-4. Adverse change of Employment Handbook
   4. Overview of wage system (bonus, retirement benefit, overtime payment) and other legal systems in Singapore
      4-1. Setting of calculation period of wages and timing of payment
      4-2. General rule of full payment
      4-3. General rule of currency payment
      4-4. Retirement Benefit
      4-5. Bonus, Annual Wage Supplement
      4-6. Minimum wage
   5. Method and points to consider regarding ordinary dismissal, punitive dismissal, and dismissal on grounds of reorganization in Singapore
      5-1. Specification of grounds for dismissal
      5-2. Retrenchment
      5-3. Punitive dismissal
   6. Types of foreigner passes and acquisition requirements
      6-1. Employment of Foreign Manpower Act
      6-2. Types of passes

About this document
   About the information compiled in this document
   Contact information regarding this document
1. Points to consider regarding labor management in Singapore, characteristics of labor practice in Singapore, and status of recent labor policy

1-1. Labor laws that are predominantly favorable for companies

Singapore is active in receiving foreign capital and known for labor laws that are extremely favorable for companies in order to create an attractive investment environment. For instance, typical examples are that Singapore has worker categories covered by labor laws (duty to pay overtime allowance is limited to specific workers among those covered by the Employment Act), because there are no minimum wage laws, wages are determined based on a contract between labor and management, and grounds for dismissal (rational reason) are not required upon dismissing a worker.

Conversely, if a Japanese company were to use its employment contract and work rules as is in accordance with the laws of Japan, that company would not be able to leverage the benefits of Singapore’s labor laws that are advantageous to companies. Accordingly, when preparing work rules or individual employment contracts such as a Letter of Appointment, some companies think that it may be necessary to pay attention to Singapore’s labor laws and revise the contents accordingly.

1-2. High turnover rate

In Singapore, many people switch jobs, and the overall turnover rate is high in comparison to Japan. It is often the case that an employee who was considered an asset switches jobs soon after joining the company, and, while there are labor laws that are advantageous to companies, it is necessary to create an attractive working environment.

1-3. Acquisition of pass

Because Singapore is emphasizing the introduction of foreign capital as a part of its policy, it could be said that Singapore is a jurisdiction where foreigners can acquire passes relatively more easily in comparison to other jurisdictions. Nevertheless, caution is required because, in recent years, requirements for foreigners to acquire a pass are gradually becoming stricter in light of the aging of Singapore nationals and other factors.
1-4. **Trade union**

In Singapore, trade unions are quite rare. Furthermore, the rights of trade unions are considerably restricted, and rights such as strikes and collective bargaining are also considerably restricted. From this perspective also, it could be said that Singapore is a jurisdiction where companies can manage their employees extremely easily.

Meanwhile, with companies that have a trade union, caution is required since sincere negotiations with the trade union are often necessary.

1-5. **Existence of laws of Singapore as a common law system**

Because Singapore is subject to restrictions under the common law that takes over the British common law system, rights and obligations under the common law also exist in employment relations. Thus, it must be noted that rights and obligations, which are not set out in express provisions and which are unique to the common law, may arise.

In particular, because the laws of Japan are a civil law based on a legal system that differs from the common law, caution is required by Japanese companies that are familiar with the laws of Japan.
2. Overview of basic labor laws of Singapore

2-1. Overview of labor-related statutes

The key labor-related statutes in Singapore are as follows.

(1) Statutes related to working conditions

**Employment Act**

The Employment Act was enacted for clarifying the basic working conditions of employees, and the rights and obligations of companies and employees. While it prescribes provisions for the protection of employees, including wage security system, minimum employment period, resolution of labor disputes, and other matters, the scope of employees who are covered by Part IV of the Employment Act that stipulates overtime payment and others is limited.

**Employment of Foreign Manpower Act**

The Employment of Foreign Manpower Act prescribes the work permit and other conditions that are required for foreign workers to work in Singapore.

(2) Statutes related to labor-management relations

**Trade Unions Act**

The Trade Unions Act prescribes the activities of trade unions including proper union activities, accounting of unions, and method of electing union executives.

**Trade Disputes Act**

The Trade Disputes Act prescribes restrictions on trade dispute acts such as trade disputes, strikes and lockouts.

**Industrial Relations Act**

The Industrial Relations Act was enacted for establishing a framework for deterring and resolving labor-management disputes and prescribes amicable solutions between labor and management through collective bargaining, mediation, and arbitration by the Industrial Arbitration Court.

**Singapore Labor Foundation Act**

The Singapore Labor Foundation Act prescribes matters for improving the welfare of trade union members and their families and assisting the development of trade union movement in Singapore.
(3) **Statutes related to social welfare**

**Retirement and Re-employment Act**

The Retirement and Re-employment Act was enacted for establishing a framework related to retirement and subsequent re-employment. It should be noted that this Act applies to any and all employees, including Managers or Executives.

**Central Provident Fund Act**

The Central Provident Fund Act was enacted for establishing the Central Provident Fund ("CPF"). The CPF guarantees the living expenses of retired employees.

**Child Development Co-Savings Act**

The Child Development Co-Savings Act was enacted for establishing a child development co-savings scheme to support families, and prescribes maternity protection and benefits, adoption leave, childcare leave, unpaid infant care leave, and other systems. The Employment Act prescribes provisions for childcare leave and maternity leave and these provisions are favorable to employees. It should be noted that this Act applies to any and all employees, including Managers or Executives, if the child is a Singapore national.

(4) **Statutes related to workplace safety and health**

**Workplace Safety and Health Act**

The Workplace Safety and Health Act was enacted for ensuring the safety and health of the workplace and takes over the Factories Act that previously prescribed rules pertaining to workplace safety.

**Work Injury Compensation Act**

The Work Injury Compensation Act was enacted for prescribing matters related to the payment of compensation to employees who suffered a work injury and sets forth measures for eliminating any delay of compensation and speeding up the process for compensating employees promptly.

(5) **Others**

**Skills Development Levy Act**

Based on the Skills Development Levy Act, companies are required to pay, on a monthly basis, a certain amount of Skills Development Levy to employees, and the Skills Development Fund is applied to (a) the promotion, development and upgrading of skills and expertise of persons preparing to join the workforce, persons in the workforce and persons rejoining the workforce; (b) the retraining of retrenched persons; and (c) the provision of financial assistance by grants, loans or otherwise for the purposes of the abovementioned objects.

**Singapore Workforce Development Agency Act**

The Singapore Workforce Development Agency Act was enacted for establishing the Singapore Workforce Development Agency - an organization for training employees and cultivating their skills.

**Employment Agencies Act**

Companies must observe the Employment Agencies Act upon operating an employment agency in Singapore.
2-2. **Scope of the Employment Act**

As described above, while the most important labor-related statute in Singapore is the Employment Act, the conditions and scope of employees who are covered by the Employment Act are limited as prescribed below, and it should be noted that Part IV of the Employment Act is applicable only to certain employees.

Foremost, in order to be covered by the Employment Act, an employee must be under a Contract of Service, not under a Contract for Service (classification based on the types of contract).

(1) **Examination of whether a Contract of Service is concluded**

Foremost, a Contract of Service and a Contract for Service are classified as follows.

- **Contract of Service:**
  
  Employment status where an employee engages in work under the supervision of the company, and it could be said that this concept corresponds to an “employment contract (koyo keiyaku)” under the laws of Japan. An employee will be covered by the Employment Act only when it is determined that such employee’s contract corresponds to a Contract of Service.

- **Contract for Service:**
  
  This is one type of supply contract. It could be said that this form of contract corresponds to a "service contract (ukeoi keiyaku)” or an "engagement contract (inin keiyaku)” under the laws of Japan. Specifically, a service contract between a contractor and a subcontractor of construction work and an engagement contract executed between an outside attorney, certified public accountant or tax accountant and a company are not a Contract of Service and correspond to a Contract for Service. When it is determined that an employee’s contract corresponds to a Contract for Service, the Employment Act will not apply to that employee.

Specifically, a Contract of Service and a Contract for Service are classified by giving comprehensive consideration to various factors including (i) existence of supervisory authority (who determines the hiring and dismissal of the employee, who pays for the employee’s wage and how is such payment being made, who determines the production process, hours, and production method, who is responsible for the workplace rules), (ii) existence of ownership in job performance (who supplies tools and equipment for the production, who provides the workplace and materials), and (iii) economic consideration (for whom is the employee performing services, from where are the revenues and profits being paid, and who is responsible for such services).

When an employee’s contract is classified as a Contract for Service based on the foregoing factors, the Employment Act will not apply to that employee.
(2) (On the assumption that a Contract of Service is valid) whether the employee is covered by Part IV of the Employment Act (restrictions on application of the Employment based on the definition of "employee")

In Singapore, when an employee falls under Managers or Executives, Part IV of the Employment Act that stipulates the employer’s obligations to pay overtime allowance does not apply to that employee (other parts of the Employment Act apply to that employee).

The term “Managers or Executives” is not clearly defined in the Employment Act. Thus, whether an employee falls under Managers or Executives is determined by giving comprehensive consideration to various circumstances such as whether the employee is authorised to hire personnel, impose disciplinary punishment, terminate the Contract of Service, evaluate performance, and decide remuneration, or whether the employee has substantial authority such as being involved in formulating corporate strategies or policies, upon giving consideration to the employee’s nature of business, responsibilities, qualifications, wages and other factors.

What requires attention is that, in Singapore, "Managers or Executives" that is not covered by Part IV of the Employment Act is interpreted to have a broader meaning than under the laws of Japan. For instance, an acting manager or a manager of a branch office of a company, who does not work together with the owner of the company and who is never involved in work that influences the business management of the company, would not correspond to a "manager or an employee in a position to manage others" in Japan, but is likely to fall under "Managers or Executives" - who is not covered by the Employment Act - in Singapore.

As described above, in Singapore, since the interpretation of "Managers or Executives" is used in a broader range in comparison to Japan, the applicable scope of the Employment Act is limited by that range. From this perspective also, it could be said that Singapore’s labor laws are designed to be more favorable for companies.

(3) Employees who do not fall under Managers or Executives

Furthermore, it should be noted that, even if an employee does not fall under Managers or Executives, not all provisions of the Employment Act are automatically applicable to that employee.

Part IV of the Employment Act is applied only to matters related to the "Rest Days, Hours of Work and Other Conditions of Service" of employees. Specifically, when classifying the applicable employees, provisions of Part IV of the Employment Act apply only to the following employees.

(i) Employees whose basic wage (monthly salary) is 4,500 SGD or less (excluding payment of overtime allowance, bonus, Annual Wage Supplement, productivity reward or any other monies, irrespective of the pretext thereof), or any Workman who is receiving other amounts designated by the Minister of Labor Management.

With respect to this point, a Workman corresponds to an employee who is hired based on a fee-for-service system, such as janitors, construction workers, machine operators, assembly workers, bus/van drivers, or inspection clerks.
(ii) Employees other than a Workman whose basic wage (monthly salary) is 2,600 SGD or less (excluding payment of overtime allowance, bonus, Annual Wage Supplement, productivity reward or any other monies, irrespective of the pretext thereof)

The reason why the scope of application of the Employment Act is broader for a Workman is because a Workman is more often engaged in manual labor, and the necessity of protection is higher.

Conversely, for employees who do not fit the foregoing definition, only Part IV of the Employment Act will not apply, but the other parts of the Employment Act will apply.

### Applicable scope of Employment Act

<table>
<thead>
<tr>
<th>Managerial or executive employees, etc.</th>
<th>General employees</th>
<th>Workman</th>
<th>Specialized employees (Contract for Service)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly salary of more than 4,500 SGD Employment Act (other than Part IV) is applicable</td>
<td>Monthly salary of more than 2,600 SGD Sections other than Employment Act Part IV are applicable</td>
<td>Monthly salary of more than 4,500 SGD Sections other than Employment Act Part IV are applicable</td>
<td>Employment Act is not applicable</td>
</tr>
<tr>
<td>Monthly salary of 4,500 SGD or less Employment Act (other than Part IV) is applicable</td>
<td>Monthly salary of 2,600 SGD or less Employment Act is fully applicable (including Part IV of the Employment Act)</td>
<td>Monthly salary of 4,500 SGD or less Employment Act is fully applicable (including Part IV of the Employment Act)</td>
<td>Employment Act is not applicable</td>
</tr>
</tbody>
</table>

### Employment Act, Part IV Rest Days, Hours of Work and Other Conditions of Service

<table>
<thead>
<tr>
<th>Article</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>Application of this Part to certain workmen and other employees</td>
</tr>
<tr>
<td>36</td>
<td>Rest day</td>
</tr>
<tr>
<td>37</td>
<td>Work on rest day</td>
</tr>
<tr>
<td>38</td>
<td>Hours of work</td>
</tr>
<tr>
<td>39</td>
<td>Task work</td>
</tr>
<tr>
<td>40</td>
<td>Shift workers, etc.</td>
</tr>
<tr>
<td>41</td>
<td>Interpretation of “week”</td>
</tr>
<tr>
<td>42</td>
<td>Repealed</td>
</tr>
<tr>
<td>43</td>
<td>Repealed</td>
</tr>
<tr>
<td>44</td>
<td>Repealed</td>
</tr>
<tr>
<td>45</td>
<td>Payment of retrenchment benefit</td>
</tr>
<tr>
<td>46</td>
<td>Retirement benefit</td>
</tr>
<tr>
<td>47</td>
<td>Priority of retirement benefits, etc.</td>
</tr>
<tr>
<td>48</td>
<td>Payment of annual wage supplement (AWS) or other variable payment</td>
</tr>
<tr>
<td>49</td>
<td>Power of Minister to make recommendations for wage adjustments</td>
</tr>
<tr>
<td>50</td>
<td>Interpretation for purposes of sections 48 and 49</td>
</tr>
<tr>
<td>51</td>
<td>Repealed</td>
</tr>
<tr>
<td>52</td>
<td>Power to suspend application of Part IV</td>
</tr>
<tr>
<td>53</td>
<td>Offence</td>
</tr>
</tbody>
</table>
2-3. Points to consider in setting wages

When considering the above, for instance, in the case of employees who are not Managers or Executives and who are not Workman, if their wage is 2,600 SGD or less, Part IV of the Employment Act will apply, and, consequently, the company will be obligated to pay overtime allowance and bear the various other obligations labor laws that are advantageous to, some companies set the wage to be an amount that is greater than 2,600 SGD to avoid various obligations, including the duty to pay overtime allowance.

3-1. Duty to prepare Employment Handbook

In Singapore, unlike Japan, there is no legal obligation for a company to prepare an Employment Handbook. Nevertheless, on a practical level, many companies prepare their own Employment Handbook.

3-2. Purpose of Employment Handbook

While no legal obligation is imposed, the actual practice in Singapore is that many companies prescribe common matters related to working conditions in their Employment Handbook and prescribe unique matters in a Letter of Appointment or an Individual Contract of Service.

The reason for this is because, if an Employment Handbook is available, it will be possible to specify the common standards of employees’ working conditions, which in turn will prevent companies from engaging in individual negotiations upon hiring new employees on grounds that they are common standards for all employees. Furthermore, it will be possible to alleviate the burden of labor costs of resident personnel, matters that need to be entrusted to arbitrary decisions can be reduced, and, unlike Japan, in Singapore companies can unilaterally change the contents of the Employment Handbook (even if it is an adverse change for employees), and the company’s personnel management can be operated expeditiously by changing the Employment Handbook ex-post facto.

In preparing its Employment Handbook, a company is legally obligated to observe such obligations. Accordingly, if an Employment Handbook prepared in Japan is applied as is, benefits that are greater than those required under laws will be given to employees and, therefore, that company would not be able to leverage the benefits of Singapore’s labor laws that are advantageous to companies. Thus, some companies prepare an Employment Handbook that is suitable for Singapore’s labor laws.


In Singapore, the legal binding force of the Employment Handbook is weaker than that of an Individual Contract of Service, and if there is any description in the Employment Handbook which contradicts labor protection laws, the labor contract, or the
Individual Contract of Service, such description is generally deemed to be null and void as being subordinate to the foregoing laws and contracts.

It should be noted that this differs from Japan in which the legal binding force of work rules (Employment Handbook) takes precedence over an individual contract.

3-4.  Adverse change of Employment Handbook

In Singapore, it is common practice for the Employment Handbook to prescribe, for example, "The Company is entitled to interpret, change, revise, supplement or invalidate the Employment Handbook’s conditions, policies or a part thereof, as needed and at any time, by providing a prior notice to employees", and this kind of provision is considered to be valid in a practical level. Based on the premise of an agreement between the company and an employee at the time that such employee joins the company, it is considered that the company may revise the Employment Handbook even after that employee starts working for the company.

Needless to say, in Singapore also, just because the foregoing provision is provided, it should be noted that not all adverse changes will be deemed valid.
4. Overview of wage system (bonus, retirement benefit, overtime payment) and other legal systems in Singapore

Following the revision of the Employment Act in April 2019, all employees are now covered by the Employment Act. Thus, it should be noted that employers need to comply with applicable laws and regulations also for Managers or Executives whose employment conditions were determined by their respective agreement with their employees prior to the revision. In particular, Core Provisions of the Employment Act (such as provisions regarding annual leave, sick leave, maternity leave, childcare leave, and public holiday; requirement to keep employee information; requirement to issue written Key Employment Terms; and requirement to issue itemized Pay Slips) have come to be applied to all employees including Managers or Executives. In terms of wages, it should be noted that the provision requiring employers to pay wages within seven (7) days from the closing date of salary calculation date, which had not been applied to Managers or Executives before the revision, have come to be applied to all employees.

4-1. Setting of calculation period of wages and timing of payment

While a company may set the wage calculation period, the period may not exceed 1 month. Any wage period that is set to be longer than 1 month is deemed to be 1 month.

Timing of payment of wages

<table>
<thead>
<tr>
<th>Circumstance</th>
<th>Timing of payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>General rule</td>
<td>Within 7 days from last day of wage period</td>
</tr>
<tr>
<td>Overtime payment</td>
<td>Within 14 days from overtime work</td>
</tr>
<tr>
<td>Termination of Contract of Service based on cancellation by company</td>
<td>Last day of work; if impossible, within 3 days from last day of work</td>
</tr>
<tr>
<td>Termination of Contract of Service based on cancellation by employee (when employee gives proper notice)</td>
<td>Last day of work</td>
</tr>
<tr>
<td>Termination of Contract of Service based on cancellation by employee (when employee fails to give proper notice)</td>
<td>Within 7 days from last day of work</td>
</tr>
</tbody>
</table>
4-2. **General rule of full payment**

Generally speaking, a company may not deduct a fixed or undetermined amount from wages and must observe the rule of full payment. The only time that the foregoing deduction is permitted is when the employee has provided a written consent (the employee may withdraw such consent without incurring any penalty at any time), such deduction is prescribed in the Employment Act, or an order was made by a court or public institution.

Furthermore, provisions are also prescribed for exceptional deductions such as deduction for absence, deduction for compensation of damage, deduction of income tax, and deduction for CPF. In addition, as a general rule, any deduction for damage or loss caused by the negligence or default of an employee must not exceed 1/4 of the monthly wage, and the employee must also be given an opportunity to object to such deduction.

4-3. **General rule of currency payment**

Wages of employees must be paid in legal currency, and payment in kind is not allowed.

4-4. **Retirement Benefit**

Provisions that prescribe the duty to pay Retirement Benefits do not exist in the Employment Act. Nevertheless, if such provisions are separately provided in the labor contract, the Employment Handbook, or the Individual Contract of Service, they must be complied.

4-5. **Bonus, Annual Wage Supplement**

Provisions that prescribe the duty to pay Bonuses do not exist in the Employment Act. Nevertheless, if such provisions are separately provided in the labor contract, the Employment Handbook, or the Individual Contract of Service, they must be complied.

In Singapore, the system of paying Annual Wage Supplement (AWS) is generally adopted. This is a system where the company pays, once a year, one month worth of wages to employees, and many companies are adopting this system in practice. Provisions that prescribe the duty to pay AWS also do not exist in the Employment Act, and the duty to pay AWS is acknowledged only when such provisions are prescribed in the labor contract, the Contract of Service or the Employment Handbook.
4-6. Minimum wage

In Singapore, there are no laws that prescribe the minimum wage. Accordingly, wages are determined based on the supply and demand of manpower (that is, based on a contract between labor and management).

Furthermore, the National Wage Council composed of personnel from the government, companies and trade union representatives offers recommendations to the government regarding the wage policy according to long-term economic goals, and additionally offers guidelines on the increase of wages.
5. Method and points to consider regarding ordinary dismissal, punitive dismissal, and dismissal on grounds of reorganization in Singapore

When a company is to dismiss a worker, the method of dismissal is classified into the following 3 types; specifically, ordinary dismissal, dismissal on grounds of reorganization, and punitive dismissal. Each type of dismissal in Singapore is now explained.

5-1. Specification of grounds for dismissal

While a company may dismiss an employee “without any particular reason” (ordinary dismissal) by unilaterally sending a dismissal notice, this is limited to cases where there is no special provision regarding discharge restrictions in the Individual Contract of Service.

(1) Specification of grounds for dismissal

Irrespective of whether a specific term is prescribed, the Contract of Service may be terminated by either the company or the employee without any particular reason by providing an advance notice of termination, but in such a case an advance notice period is required. Accordingly, due cause for dismissal is not required, and the fact that a company can dismiss an employee without any particular reason is a unique feature of Singapore’s labor laws.

In Japan, “a dismissal shall, if it lacks objectively reasonable grounds and is not considered to be appropriate in general societal terms, be treated as an abuse of right and be invalid” (Labor Contract Act, Article 16), and it could be said that this is one of the most different aspects between the labor laws of Japan and the labor laws of Singapore.

(2) Advance notice period upon termination of Contract of Service

An advance notice period on termination of Contract of Service in Singapore to an employee must be the same period for both the company and the employee. As long as this rule is observed, unlike Japan, the Contract of Service may be terminated without reason in Singapore by unilaterally giving a dismissal notice to the employee. Furthermore, if the advance notice period is set out in the labor contract, the Employment Handbook, or the Individual Contract of Service, it should be noted that measures need to be taken according to such provision.

According to the above, for instance, if the Employment Handbook prescribes that a company is only required to give an advance notice 5 days in advance, but an employee is required to give an advance notice 1 month in advance, such provision will be deemed invalid. Meanwhile, if a company and an employee agree that an advance notice period is not required, such
provision will be deemed valid. In actual practice, it is often the case that, in Singapore, the Employment Handbook or the Individual Contract of Service prescribes that a one month advance notice is required for both the company and the employee.

On the assumption that the labor contract, the Employment Handbook, or the Individual Contract of Service does not prescribe an advance notice period, the Employment Act applies and the following advance notice period is required.

<table>
<thead>
<tr>
<th>Employment period</th>
<th>Advance notice period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 26 weeks</td>
<td>1 day or more</td>
</tr>
<tr>
<td>26 weeks or more to less than 2 years</td>
<td>1 week or more</td>
</tr>
<tr>
<td>2 years or more and less than 5 years</td>
<td>2 weeks or more</td>
</tr>
<tr>
<td>5 years or more</td>
<td>4 weeks or more</td>
</tr>
</tbody>
</table>

5-2. **Retrenchment**

As for retrenchment, whether an employee can be dismissed and whether an advance notice it required are determined similarly as with an ordinary dismissal; no reason is required for the dismissal, but an advance notice period is required. Accordingly, there are no provisions which correspond to the four requirements for strict retrenchment as under the laws of Japan. However, the following two points differ from the ordinary dismissal; (i) payment of a retrenchment benefit may be required, and (ii) if a retrenchment benefit is paid, a notice to the Ministry of Manpower (MOM) is required.

(1) **Determination on whether a dismissal corresponds to retrenchment**

Distinction between ordinary dismissal and retrenchment is determined whether or not the company dismisses the employee for streamlining its business operation, however, specific requirements are not prescribed under the laws. Thus, there are cases where whether the dismissal corresponds to a retrenchment is contested between the company and the employee. As an example, if the company does not recruit new employee after dismissing the employee, such dismissal may be deemed a retrenchment.

(2) **Retrenchment benefit**

Retrenchment benefit is handled as follows:

(i) **For an employee who has been in continuous service with an employer for less than 2 years**

   With regard to the duty to pay a lump sum referred to as the retrenchment benefit in relation to a dismissal on grounds
of reorganization, the Employment Act prescribes as follows: "No employee who has been in continuous service with an employer for less than 2 years shall be entitled to any retrenchment benefit on his/her dismissal on the ground of redundancy or by reason of any reorganization of the employer's profession, business, trade or work" (Employment Act, Article 45). Accordingly, even if a company dismisses an employee who has been in continuous service with an employer for less than 2 years on grounds of reorganization, that company will not be obligated to pay a retrenchment benefit (nevertheless, there would be no problem for a company to arbitrarily make an Ex-gratia payment).

(ii) For an employee who has been in continuous service with an employer for 2 years or longer

Meanwhile, whether an employee who has been in continuous service with an employer for 2 years or longer can request a retrenchment benefit is sometimes contested because there is no express provision that prescribes the same in laws.

With respect to this point, foremost, with regard to the interpretation of Article 45 of the Employment Act, there is a judicial precedent which indicates as follows: "It shall not be interpreted that an employee who has been in continuous service with an employer for less than 2 years shall be entitled to any retrenchment benefit". Meanwhile, on grounds of interpretation by argument from the contrary of Article 45 of the Employment Act, MOM rendered its opinion to the following effect: "When a company is to dismiss an employee who has been in continuous service with an employer for 2 years or longer on grounds of reorganization, the company should pay some kind of retrenchment benefit". Furthermore, on November 19, 2008, a tripartite consisting of MOM, the Singapore National Employers Federation, and the National Trades Union Congress announced the "Tripartite Guidelines on Managing Excess Manpower" for developing an outlook on managing excess manpower. These Guidelines describe that, with regard to the payment of a retrenchment benefit, "an employee who has been in continuous service with an employer for 2 years or longer is entitled to request the payment of a retrenchment benefit." However, these Guidelines are not a statute, and have no legal binding force. Consequently, there are contradictory circumstances where a company is not obligated to pay retrenchment benefits according to judicial precedents on the one hand but is obligated to pay retrenchment benefits pursuant to MOM's administrative opinion and under the Tripartite Guidelines on the other.

Nevertheless, in light of circumstances where the judicial precedents are more than 10 years old and MOM is currently supporting the payment of retrenchment benefits, it cannot be denied that the judicial precedents may change in the future. Thus, as a realistic policy, to follow the administrative opinion may be one course of action that may be taken.

(3) Amount of retrenchment benefit

Foremost, the amount of retrenchment benefit to be paid will be pursuant to the provision prescribed in the labor contract, the Employment Handbook, or the Individual Contract of Service. If no such provision is available, the Employment Act does not prescribe the amount of retrenchment benefit to be paid. Furthermore, MOM's opinion does not specify any amount, and states that such amount should be decided based on negotiations between the company and the employee, and according to the company's financial condition.

Meanwhile, the Tripartite Guidelines describe, as general standards, "two weeks to one month worth of wages for an employee who has been in continuous service with an employer for 1 year". Moreover, these Guidelines additionally describe "one month worth of wages for an employee who has been in continuous service with an employer for one year" with regard to
companies with a trade union in which the payment of retrenchment benefits is specified in the collective bargaining agreement. Accordingly, in practice, many companies review the amount based on the foregoing standards and according to the negotiations between the company and the employee and the company’s financial condition.

5-3. **Punitive dismissal**

If an employee is engaged in misconduct, a company may thoroughly investigate the matter, and then dismiss the employee (punitive dismissal) (immediate dismissal that does not require any prior notice). An act in breach of the Contract of Service (Misconduct), theft, fraud, violation of an official order and the like correspond to the above, but in practice, the Employment Handbook or the Individual Contract of Service often prescribes the details of such misconduct.

Moreover, as an alternative to dismissal, there are methods of immediately demoting the employee, or immediately suspending the employee, without pay, for a period that is not longer than one week.

While this will also depend on the provisions of the labor contract, the Employment Handbook, or the Individual Contract of Service, if there is no specific provisions, an advance notice period is not required for a punitive dismissal, and the employer may dismiss the employee immediately.

Previously, if an employee believes that he/she was wrongfully dismissed without any of the foregoing reasons (Wrongful Dismissal), the employee was able to file a written protest with the Minister of Labor to be reinstated within one month after being dismissed. However, following the revision of the Employment Act in April 2019, all disputes with respect to Wrongful Dismissal or wages not exceeding SGD 20,000 is now referred to a dispute resolution institution called Employment Claims Tribunals (ECT) for resolution. Further, as to what cases fall under Wrongful Dismissal, a “Guideline for Wrongful Dismissal” was announced in April 2019 by an independent organisation. In this guideline, it is clearly indicated that dismissals on the grounds of any act in violation of the contract of service, underperformance, cutting down on excess workforce, and the like are not considered to fall under Wrongful Dismissal. However, on the other hand, if the worker successfully proves that the dismissal results in discriminating the worker or depriving the worker of any benefit, or punishment of the worker for exercising its rights, such dismissal is considered to fall under Wrongful Dismissal. Prior to bringing the case to ECT, an employee is required to work for a solution by applying for a dispute resolution institution called Tripartite Alliance for Dispute Management (TADM). Only when the employee and the employer are unable to reach an agreement through the mediation, the case may be brought to ECT for their decision. If ECT determines that the dismissal was groundless, ECT may issue an order that the company reinstates the employee or pay compensation for damages.

Because the act of embezzlement in Singapore may be subject to the Prevention of Corruption Act, the company should consider filing a criminal complaint or pressing charges against the employee based on said Act, and, in the foregoing case, the company should also take note on whether it is obligated to report the criminal act.
6. Types of foreigner passes and acquisition requirements

6-1. Employment of Foreign Manpower Act

Singapore is adopting a relatively tolerant policy against foreign workers. The Employment of Foreign Manpower Act was enacted for protecting foreign workers and their welfare and maintaining valid Employment Passes.

The Employment of Foreign Manpower Act prohibits the employment of foreign workers who do not have a valid Employment Pass. Illegal employment and active illegal behavior are punishable by fine, imprisonment, or both. Said Act authorizes inspectors to temporary suspend, revoke or change the terms of the Employment Pass.

While Singapore is adopting a relatively tolerant policy against foreign workers, when a company is to hire a foreign worker, the company must pay a Foreign Worker Levy. Note that Employment Pass holders are not subject to the foregoing Levy.

6-2. Types of passes

The main types of passes that can be acquired by foreigners in Singapore are as follows.

(1) Employment Pass

On July 26, 2016, Singapore's Ministry of Manpower (MOM) announced the increase of the minimum salary (monthly amount) as the requirement for issuing an Employment Pass (EP). Furthermore, from January 1, 2017, EP in which the minimum salary was set to 3,600 SGD will now be applicable to foreigners who hold certified professional qualifications whose monthly salary is more than 3,600 SGD. A family member of an EP holder may apply for a Dependant's Pass and a Long-Term Visit Pass.

As for foreigners who already have their EP, their EP may be renewed for up to 3 years as long as they apply for renewal before the expiry date (up to 6 months before the pass expires).

Furthermore, in Singapore, restrictions on employment of foreigners have been reinforced from August 2014, and, for the purpose of offering opportunities of employment to Singapore nationals, a company to file an EP for employing a foreigner is obligated to foremost publicly offer the position to Singapore nationals and those with a permanent resident status on MOM’s website referred to as the Jobs Bank. However, companies who have 10 employees or less or positions in which the monthly salary is 15,000 SGD or more are exempted from posting on the Jobs Bank.
2. **S Pass**

The S Pass was introduced in 2004 in order to deal with demands for "mid-level skilled" employees. Persons eligible for the S Pass are holders of the same level of educational background or technical qualifications as graduates of high school or vocational school, who have years of relevant work experience, and whose fixed monthly salary is 2,300 SGD (to be increased to 2,400 SGD as from 1 January 2020) or more.

In order to hire a foreign worker holding an S Pass and a Work Permit (WP), there is a foreign quota relative to local workers. In other words, unless a company hires a certain number of local workers so that the employment of Singapore nationals is not threatened, that company may not hire a foreign worker holding an S Pass and WP.

3. **Work Permit**

There are five types of Work Permits (WP): for semi-skilled workers working in specified sectors, domestic workers, confinement nannies, performers working in public entertainment outlets such as bars, hotels and nightclubs, and trainees or students undergoing practical training in Singapore for up to 6 months. Among them, semi-skilled workers are further divided into two types, Higher Skilled (R1) and Basic Skilled (R2). Holders of those Work Permits may not acquire a Dependant’s Pass for their spouse, single biological child and adopted child under age of 21.

Companies are obligated to pay a monthly Foreign Worker Levy and a Skills Development Levy for managing the number of workers.

Moreover, companies must observe the Dependency Ceiling of foreign workers. The Dependency Ceiling of foreign workers refers to the maximum ratio of foreign workers to the total number of workers in the workplace and industry.

4. **Personalised Employment Pass**

Because an EP is issued for employment under a specific company, when an EP holder leaves that company, the EP holder has no choice but to depart from Singapore. A Personalised Employment Pass (PEP) was introduced for promoting the continued employment of an EP holder in Singapore, and under this system a foreign worker may reside in Singapore up to 6 months after leaving the company to search for a new job.

A PEP holder must have gross yearly earnings of 12,000 SGD or more based on a fixed monthly wage, and must notify MOM, as needed, of changes to one’s personal information, including tax returns for certifying one’s foregoing earnings. A PEP can be issued only to EP holders or those who satisfy certain qualification standards. A PEP can only be issued once, is valid for three years, and cannot be renewed.

5. **Entre Pass**

An Entre Pass is a work permit that is suitable for foreign entrepreneurs, and is eligible for foreigners who wish to launch a business in Singapore, who have incorporated a corporation in Singapore within 6 months prior to the application, and who have satisfied any one of the following criteria: 1) Entrepreneur (the company raised funding of at least 100,000 SGD from a venture capitalist (VC) or the like that is recognised by a Singapore Government agency); 2) Innovator (the company holds
An intellectual property (IP), registered with an approved national IP institution); or 3) Investor (who has minimum 8 years of experience as a senior management professional or executive in a large corporation).

An Entre Pass can be renewed and the duration of the renewed pass is 1 year for the first renewal and 2 years for subsequent renewals.

(6) Dependant’s Pass

A spouse, single biological child and adopted child under age of 21 of foreigners who satisfy the conditions of an EP, an S Pass, or an Entre Pass may apply for a Dependant’s Pass (DP). A DP is attached to an EP or other WP and, once the EP is invalided, the DP will also lose effect simultaneously.

If a DP holder wishes to work, the company must file a Letter of Consent with MOM. When the employment relation with the company that filed the request is terminated or the DP is revoked, the Letter of Consent is invalidated.

(7) Long Term Visit Pass

A foreigner who satisfies the conditions of an EP, an S Pass, or an Entre Pass may apply for a Long Term Visit Pass for one’s common-law spouse, spouse, single child who is 21 or over and has a disability, single stepchild under age of 21, and parents who are paid above a certain monthly salary.

If a Long Term Visit Pass holder wishes to work in Singapore, such holder must separately acquire some type of work permit such as an EP, an S Pass, or a WP.
### Types of passes of foreign workers

<table>
<thead>
<tr>
<th>VISA</th>
<th>Minimum wage</th>
<th>Eligible persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Pass</td>
<td>More than 3,600 SGD from January 2017 onward</td>
<td>Officers or professionals who work in a managerial, executive or specialised job</td>
</tr>
<tr>
<td>S Pass</td>
<td>Basic wage of 2,300 SGD (2,400 from 2020) or more</td>
<td>Mid-skilled employees</td>
</tr>
<tr>
<td>Work Permit</td>
<td></td>
<td>Less-skilled employees (household workers, maternity nurses, service providers, construction workers, etc.)</td>
</tr>
<tr>
<td>Personalised Employment Pass</td>
<td></td>
<td>EP holders, earning a fixed monthly salary of at least 12,000 SGD. Overseas foreign professional and last drawn fixed monthly salary overseas was at least 18,000 SGD.</td>
</tr>
<tr>
<td>Entre Pass</td>
<td></td>
<td>1) Entrepreneur, 2) Innovator, or 3) Investor Pass for entrepreneurs to manage a company or run a business in Singapore. Joint review by MOM and SPRING Singapore</td>
</tr>
<tr>
<td>Dependant’s Pass</td>
<td>Spouse, single biological child and adopted child under age of 21 of EP holder and S Pass holder (valid only during effective period of EP)</td>
<td></td>
</tr>
<tr>
<td>Long Term Visit Pass</td>
<td>For EP holder and S Pass holder whose basic wage is 6,000 SGD or more, concubinary spouse, spouse, single child who is 21 or over and has a disability, single stepchild under age of 21, and parents who are paid above a certain monthly salary. For parents or in-laws (working is not permitted), EP holder and S Pass holder must be paid a monthly basic wage of 12,000 SGD or more.</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Work Pass</td>
<td>Persons to engage in limited short-term spot work</td>
<td></td>
</tr>
<tr>
<td>Work Permit for Performing Artistes</td>
<td>Artists to perform in hotels, restaurants, bars, night clubs, etc. (valid for 6 months)</td>
<td></td>
</tr>
<tr>
<td>Student’s Pass</td>
<td>Foreign students (working is not permitted) to study at educational institutions registered with the Singapore Ministry of Education (MOE), or educational institutions and research institutions that are permitted to accept foreigners</td>
<td></td>
</tr>
<tr>
<td>Work Holiday Program</td>
<td>University students or graduates aged 18 to 25 (valid for 6 months)</td>
<td></td>
</tr>
<tr>
<td>Training Employment Pass</td>
<td>Basic wage of 3,000 SGD or more</td>
<td>Officers or professionals who work in a managerial, executive or specialised job, university students and persons to undergo training of an affiliate company</td>
</tr>
<tr>
<td>Work Permit (Training)</td>
<td></td>
<td>Less-skilled workers (valid for 6 months) including students to study at private educational institutions in Singapore</td>
</tr>
</tbody>
</table>
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