

Key Features of Singapore 2020 Budget Affecting Employers

Introduction

The Singapore Government had on, 18 February 2020 under the Unity Budget ("**Unity Budget**"), 26 March 2020 under the Resilience Budget ("**Resilience Budget**"), and 6 April 2020 under the Solidarity Budget ("**Solidarity Budget**", and together with the Unity Budget and the Resilience Budget, the "**Budgets**") introduced measures and schemes which impact employers.

The table below highlights the key features of the measures and schemes announced by the Singapore Government under the Budgets and the impact they have on employers. For completeness, we have also highlighted the guidelines and advisories issued by the National Wages Council ("**NWC**") and the Ministry of Manpower of Singapore ("**MOM**") for the period of 7 April 2020 to 1 June 2020 ("**Circuit Breaker Period**") and over the course of the next year in light of the COVID-19 outbreak, which may impact employers.

Key Features of Schemes Introduced under the Budgets

No.	MEASURE / SCHEME	APPLICABLE FEATURES	IMPACT ON EMPLOYERS
1.	Jobs Support Scheme (" JSS ")	<p>The JSS aims to help employers retain local employees (i.e., Singapore citizens and permanent residents) and takes place over nine (9) months.</p> <p>Under this scheme, for the months of April and May 2020, all employers will receive a 75% cash grant on the gross monthly wages of each local employee.</p> <p>For the remaining seven (7) months, the cash grant remains at 75% for employers from the aviation and tourism sectors and will be reduced to 50% for the food services sector and 25% for all other sectors.</p> <p>All grants are subject to a monthly wage cap of S\$4,600 per employee.</p> <p>The JSS covers nine (9) months of wages and the pay-outs will be made in the following tranches:</p> <p>(a) October-December 2019: JSS will be paid out in April 2020;</p> <p>(b) February-April 2020: JSS will be paid out in July 2020; and</p>	<p>The employer will receive a 75% cash grant on the first S\$4,600 of the gross monthly wage paid to every local employee in April 2020 and May 2020. <u>Therefore, regardless of how much a local employee is paid, the maximum subsidy will be 75% of S\$4,600 per person, which is S\$3,450.</u> It should be noted that if an employer <u>has not paid wages in April and/or May 2020 owing to any existing cost-cutting measures, it will not benefit from this temporary enhancement for the months of April and/or May 2020.</u></p> <p>For the remaining seven (7) months covered under the JSS, the employer will be entitled to receive a 25% cash grant on the first S\$4,600 of the gross monthly wages of each local employee on its Central Provident Fund ("CPF") payroll.</p> <p>No application needs to be made by the employer, and it can expect to receive its first enhanced pay-out for April by mid-April 2020 and its enhanced pay-out for May by end-May 2020 via GIRO or PayNow Corporate or by early-June via cheque.</p> <p>On the assumption that the employer has paid wages to its employees for the months of April and May 2020, set out below is a sample computation of the cash-grant it will be entitled to (excluding employers in the aviation and tourism, and food services sectors).</p>

(c) May-July 2020: JSS will be paid out in October 2020.

The JSS covers wages of employees of a company who are also shareholders and directors (shareholder-directors) of the company. The support only applies to companies registered before 20 April 2020, and for the wages of shareholder-directors with an assessable income of S\$100,000 or less for the year of assessment 2019. The May 2020 pay-out for shareholder-directors will also include back-payment for companies with qualifying shareholder-directors whose wages were excluded from the first JSS pay-out in April 2020.

Tranche	Month of Pay-Out	Computation
1	April 2020	+ 75% of October 2019 salary
		+ 25% of November 2019 salary
		+ 25% of December 2019 salary
Additional Pay-Out	May 2020	+75% of November 2019 salary
2	July 2020	+ 25% of February 2020 salary
		+ 25% of March 2020 salary
		+ (75% of April 2020 Salary – 50% of October 2019 Salary)
3	October 2020	+ (75% of May 2020 salary – 75% of November 2019 salary)
		+ 25% of June 2020 salary
		+ 25% of July 2020 salary

Additional information on the enhanced JSS under the Resilience Budget can be found at: [Resilience Budget Statement](#) and [Resilience Budget: Enhanced JSS](#).

Additional information on the temporary enhancement to the JSS for April and May 2020 under the Solidarity Budget can be found at: [Solidarity Budget Statement](#), [Solidarity Budget: Temporary Enhancement to JSS](#) and [Temporary Enhancement to JSS for May 2020](#).

Under the MOM advisory on salary and leave arrangements during the Circuit Breaker Period¹ ("**Salary and Leave Advisory**"), if an employer has already implemented cost-saving measures prior to the Circuit Breaker Period, taking into consideration the JSS pay-outs, it should continue with such cost-saving measures. That said, in light of the enhanced JSS pay-outs of April and May 2020, the employer would be advised to review whether the additional support could be extended to the employees to minimise hardship. This should be communicated to the employees.

¹ The Salary and Leave Advisory can be accessed at the following link: <https://www.mom.gov.sg/covid-19/advisory-on-salary-and-leave>.

			<p>If the employer has not implemented any <u>cost-saving measures prior to the Circuit Breaker Period</u>, it should utilise the enhanced JSS pay-outs of April and May 2020 to pay for the salaries of local employees and the employer's share of CPF contributions during the Circuit Breaker Period, instead of resorting to retrenchments or prolonged no-pay leave.</p> <p>If the employer's local employees are telecommuting and continue to work full-time during the Circuit Breaker Period, such employees must be paid their prevailing salaries, including the employer's contributions to CPF.</p> <p>Additional information on the alternate salary and leave arrangements that may be adopted by the employer during the Circuit Breaker Period can be found in the Salary and Leave Advisory.</p>
2.	Enhanced Wage Credit Scheme ("WCS")	<p>The WCS is an existing co-funding scheme which was introduced in Budget 2013 and was subsequently extended in Budgets 2015 and 2018. The WCS has now been further enhanced in the Unity Budget and aims to support enterprises that have invested heavily in raising productivity, and supports wage increases for Singaporean workers. Specifically, the <u>enhancements made in the Unity Budget aim to cover wage increases paid to Singapore Citizen employees in the years 2019 and 2020</u>:</p> <p>(a) The enhanced WCS will co-fund wage increases given in 2019 and 2020 to Singapore Citizen employees earning a gross monthly wage of <u>up to S\$5,000 (from S\$4,000)</u>; and</p> <p>(b) Government co-funding levels for 2019 and 2020 wage increments have been increased to 20% (from 15%) and 15% (from 10%), respectively.</p>	<p>For a company, this would mean that any increase in gross monthly wages of at least S\$50 given to its Singapore Citizen employees in 2019 and 2020, up to a monthly wage level of S\$5,000 will be co-funded by the Government. Additionally, increases in gross monthly wages of at least S\$50 given in 2017, 2018 and 2019 and <u>sustained in subsequent years, subject to a monthly wage cap of S\$5,000, will also be co-funded.</u></p> <p>The company does not need to apply for the WCS and as an employer will receive pay-outs automatically through direct crediting modes². If the company has made wage increases to employees in the years of 2019 and 2020 and qualifies for the additional wage credit³, then the additional wage credit from these enhanced measures will be received as a separate supplementary pay-out in the second half of 2020.</p>

² If the company did not register for GIRO to pay income tax/GST or has not registered for PayNow Corporate, it should sign up for either of these modes to receive the WCS pay-out.

³ 2019 and 2020 are qualifying years under the enhanced WCS announced under the Unity Budget. As such, an employer would qualify for WCS in 2019 if (a) the employer paid the employee CPF contributions for at least three (3) months in 2019, (b) the employee received CPF contributions for at least three (3) months in 2018, and (c) the employee has a qualifying wage increase in 2019 (being a wage increase of at least S\$50).

		Additional information on the enhanced WCS can be found at: Unity Budget Statement and Unity Budget: Stabilisation and Support Package .	
3.	Foreign Worker Levy ("FWL") Waivers	<p>Under the Solidarity Budget and the enhanced measures introduced for the Circuit Breaker Period, as employers also hire foreign employees on work permits⁴ and S-passes⁵, the <u>monthly FWL due in April and May 2020 will be waived</u>.</p> <p>The aim is to reduce the employer's cost, and relieve pressures on its cash flow. Additionally, for the months of April and May 2020, <u>employers will be provided a FWL rebate of S\$750</u> for each work permit or S-pass holder, based on previous levies paid in 2020.</p> <p>Additional information on the waiver of FWL and the FWL rebate can be found in the Solidarity Budget statement at: Solidarity Budget Statement and Enhanced Circuit Breaker Measures.</p>	<p>If the employer hires any foreign employees who are employed on work permits or S-passes, the FWL due in April and May 2020 in respect of each such foreign employees will be waived. If applicable, the employer will receive a FWL rebate of S\$750 for each foreign work permit holder and S-pass holder it employs for the months of April and May 2020.</p> <p>No application for the FWL waiver is needed and MOM has advised that employers can expect to receive this rebate as early as 21 April 2020.</p> <p>In line with the Salary and Leave Advisory, in view of the support given to employers, the employer should provide salary support, including payment for the upkeep and well-being of its vulnerable foreign employees working in Singapore on work permits or S-passes (such as low-wage work permit holders). Such <u>foreign employees who continue to work full-time during the Circuit Breaker Period must be paid their prevailing salaries</u>. If the foreign employee could not work during this period, the employer is still expected to take responsibility for the maintenance and upkeep of such vulnerable foreign employees. As such, if needed, the employer may need to adopt mutually agreed salary and leave arrangements with the employees, such as asking such foreign employees to consume leave entitlements, or paying for food and accommodation.</p> <p>Additional information on salary and leave arrangements for foreign employees on work permits and S-passes can be found in the Salary and Leave Advisory.</p>
4.	NWC Wage Guidelines	<p>In light of the COVID-19 outbreak, the NWC has reconfigured its wage guidelines for the period from 1 April 2020 to 30 June 2021. The NWC has recommended that, in order to mitigate the impact of the outbreak and place employers in a more favourable position for recovery, the following steps (in</p>	<p>It should be noted that Government support is not intended to only relieve short-term costs but to also accelerate workforce transformation initiatives. As such, the employer must operate its business with a focus on longer-term industry transformation.</p> <p>In relation to any responsible retrenchment exercise, the employer is expected to make the relevant mandatory</p>

⁴ Work permits for foreign workers refers to work permits in respect of semi-skilled foreign workers in the construction, manufacturing, marine shipyard, process or services sector. Work permits do not cover foreign professionals, managers and executives who earn at least S\$3,600 a month and have the relevant acceptable qualifications.

⁵ S passes cover mid-level skilled staff who earn at least S\$2,400 per month and meet the relevant assessment criteria to be considered for an S pass.

	<p>order of priority) ought to be taken to save jobs and sustain business:</p> <p>(a) reduce non-wage costs: this can be done by focusing on training and upskilling, adopting flexible work schedules to optimise manpower usage or supporting local employees who wish to seek a second job to supplement their income;</p> <p>(b) tap on Government support: in light of the implementation of the JSS, employers are urged to make full use of such support to offset business and wage costs. This support is intended to accelerate workforce transformation initiatives;</p> <p>(c) wage costs: where employers find that wage-cuts are necessary despite taking the steps in (a) and (b), it is recommended that management should lead by example. Variable payments may be reduced and the Monthly Variable Components⁶ of employees' basic pay may be adjusted downwards. Employers are expected to continue to pay Annual Wage Supplements⁷; and</p> <p>(d) as a port of last call, the employer may retrench employees if the above guidelines have been followed and such retrenchment is still necessary to save costs.</p> <p>It should be noted that the NWC guidelines are in line with the updated Tripartite advisory on managing excess manpower and responsible retrenchment and should also be referred to if retrenchment is inevitable.</p> <p>This advisory also outlines that, in the event that an employer may need to sustain business during economic downturns, adjustments to work arrangements without</p>	<p>retrenchment notifications to MOM. Importantly, we would highlight that there should be no discrimination against local employees.</p> <p>Additional information on how employers can follow the NWC guidelines and the relevant recommendations can be found at: NWC wage guidelines 2020/2021.</p> <p>The Tripartite partners' advisory on managing excess manpower and responsible retrenchment has also been updated in March 2020: Tripartite advisory on managing excess manpower and responsible retrenchment</p> <p>Information on mandatory retrenchment notifications can be found at: MOM mandatory retrenchment notifications.</p> <p>With regard to employees, the employer should employ a responsible approach to reduce its costs and consider various employees' personal situations when implementing these cost-saving measures. In other words, the employer should not consider permanent retrenchment as its first port of call for saving costs during the period of April 2020 to June 2021.</p> <p>Particularly, we would point out that in relation to any wage-cuts, the NWC guidelines highlight that employees must be engaged before implementing such measures, and that such wage cuts should be applied to local and foreign employees fairly.</p>
--	--	--

⁶ In a flexible wage system, the Monthly Variable Component, which is part of the basic wage, allows employers to adjust wages quickly in response to changes in the business environment.

⁷ The "Annual Wage Supplement" also known as the "13th month payment" is a single annual payment on top of an employee's total annual wage.

		wage-cuts, such as training and skills upgrading and flexible work schedules should be considered. If necessary, alternative arrangements with wage-cuts such as part-time work, shorter work weeks and temporary lay-offs may be considered. No-pay leave should be an avenue of last resort and in implementing such a measure, senior management should lead by example, by accepting earlier and/or deeper cuts in cost-saving measures.	
5.	Notification of Cost-Saving Measures	<p>From 7 April 2020 onwards, employers who implement any cost-saving measures during the Circuit Breaker Period must notify MOM if the employer:</p> <ul style="list-style-type: none"> (a) is registered in Singapore; (b) has at least 10 employees; and (c) implements cost-saving measures that result in employees' salaries falling below (i) 75% of gross monthly salary for local employees; and (ii) 75% of basic monthly salary⁸ for foreign employees. 	<p>If the employer implements any cost-saving measures affecting local and/or foreign employee salaries in the amounts mentioned after 7 April 2020, then it must notify MOM within one (1) week after implementing the cost-saving measures.</p> <p>Additional information on the notification of cost-saving measures can be found at: MOM notification on cost-saving measures.</p> <p>Where the employer plans to initiate any cost-saving measures, fairness and care should be exercised when implementing such measures. Where cost-saving measures result in reductions of employees' salaries, employers must ensure <u>that local employees should not be disadvantaged compared to foreign employees</u>.</p>
6.	Quarantine Order Allowance	<p>Under the Quarantine Order Allowance Scheme, employers who have employees issued with quarantine orders ("QOs") <u>can claim S\$100 daily per employee</u>, for the required duration of the QO.</p> <p>To be eligible for such payment, employers must have a registered company in Singapore and the quarantined employees must be Singapore citizens, permanent residents or work pass holders. Employees are to be treated by employers as being on paid hospitalisation leave and have their salaries paid as normal. The quarantined employees must also comply with their QOs.</p>	<p>If the employer is a Singapore registered company, it will be entitled to claim payment for each employee who is a Singapore citizen, permanent resident or work pass holder and is/was issued a QO.</p> <p>The employer may apply for the Quarantine Order Allowance only after the employee has completed the quarantine. It may then submit its application to the Ministry of Health of Singapore ("MOH") for such payment.</p> <p>Additional information in relation to the Quarantine Order Allowance can be found at: Quarantine Order Allowance.</p>

⁸ The term "basic monthly salary" means payment that does not vary from month to month, regardless of employee or company performance, and regardless of whether the employee takes medical or personal leave. This does not include variable allowances, overtime payment, bonus, annual wage supplements, reimbursements, productivity incentive payments, contributions payable by the employer to any pension or provident fund, or any gratuity payment on retrenchment or retirement of the foreign employee.

7.	Leave of Absence Support Programme ("LOASP")	<p>Under the LOASP, employers are eligible to apply for S\$100 daily support per affected worker⁹ for the required duration of the paid leave of absence ("LOA"). To be entitled to such payment under the LOASP, the employers must meet the following criteria:</p> <ul style="list-style-type: none"> (a) the employer must have granted additional paid leave to the affected worker for the entire duration of the LOA period without requiring the worker to use his original paid leave entitlements, or treating the duration of LOA as hospitalisation leave; (b) the employer must have complied fully with the prescribed LOA requirements; (c) the employer must be unable to have the work performed remotely; (d) the employee must be in employment as at 31 January 2020 or such other date as set out by the relevant MOM advisory, and for the duration of the LOA; and (e) where the employee is a work pass holder, the employer must have obtained MOM's prior approval for the employee to enter Singapore after 8 February 2020. 	<p>If the relevant requirements are met, applications would need to be made within 90 days from the last day of the respective employee's LOA. The employer may apply for the LOASP only after the employee has completed the LOA.</p> <p>The LOASP also applies to employers who give additional paid leave to employees who returned from overseas between 14 and 20 March 2020 to cover employer-LOA, which was recommended by MOM.</p> <p>Eligible employers will also qualify for levy waiver for affected foreign workers (who are work permit holders or S-pass holders) for the LOA period.</p> <p>Additional information on the LOASP can be found at: Leave of Absence Support Programme, Leave of Absence Support Programme for businesses and SEPs and Companies encouraged to impose LOA.</p> <p>Since the list of countries for which an LOA or SHN is issued has been expanded, further specific information can be found at: SHNSP/LOASP FAQs.</p>
8.	Stay Home Notice Support Programme ("SHNSP")	<p>The LOASP has also been extended to those serving a stay at home notice ("SHN"). Under this scheme, eligible employers <u>can claim S\$100 daily per affected worker</u>¹⁰, for the required duration of paid SHN.</p> <p>In order to be eligible:</p> <ul style="list-style-type: none"> (a) the employer must be registered in Singapore; 	<p>If the relevant requirements are met, then applications need to be made within 90 days from the last day of the respective employee's SHN. The employer may only apply for the SHNSP after the employee has completed the SHN.</p> <p>Eligible employers will also qualify for levy waiver for affected foreign workers (who are work permit holders or S-pass holders) for the SHN period.</p>

⁹ The term "affected workers" includes (but is not limited to) Singapore citizens, permanent residents and work pass holders who travelled to mainland China on or before 31 January 2020 and who were placed on LOA and/or SHN upon their return to Singapore on or before 31 January 2020.

¹⁰ The term "affected workers" includes (but is not limited to) Singapore citizens, permanent residents and work pass holders who travelled to mainland China on or before 31 January 2020 and who were placed on SHN upon their return to Singapore on or before 31 January 2020.

	<ul style="list-style-type: none"> (b) the employer must grant additional paid leave to the affected employee for the entire SHN period, without requiring the worker to use his/her paid leave entitlements, or treat the duration of the SHN as hospitalisation leave; (c) the employer must obtain entry approval from MOM before the affected employee enters Singapore; (d) the employer must be unable to have work performed remotely; (e) the employee must comply fully with SHN requirements; and (f) the employee must be in employment as at 31 January 2020 or such other date as set out by the relevant MOM advisory and for the full duration of the SHN. 	<p>Additional information on the SHNSP can be found at: Stay at Home Notice Support Programme.</p> <p>Since the list of countries for which an LOA or SHN is issued has been expanded, further specific information can be found at: SHNSP/LOASP FAQs.</p>
--	--	--

If you would like information on this or any other area of law, you may wish to contact the Partner at WongPartnership whom you normally work with or any of the following Partners:



Jenny TSIN
 Joint Head – Employment
d: +65 6416 8110
e: jenny.tsin@wongpartnership.com
 Click [here](#) to view Jenny's CV.



Vivien YUI
 Joint Head – Employment
d: +65 6416 8009
e: vivien.yui@wongpartnership.com
 Click [here](#) to view Vivien's CV.

 Connect with WongPartnership.

WPG MEMBERS AND OFFICES

- contactus@wongpartnership.com

SINGAPORE

-

WongPartnership LLP
12 Marina Boulevard Level 28
Marina Bay Financial Centre Tower 3
Singapore 018982
t +65 6416 8000
f +65 6532 5711/5722

CHINA

-

WongPartnership LLP
Shanghai Representative Office
Unit 1015 Corporate Avenue 1
222 Hubin Road
Shanghai 200021, PRC
t +86 21 6340 3131
f +86 21 6340 3315

MYANMAR

-

WongPartnership Myanmar Ltd.
Junction City Tower, #09-03
Bogyoke Aung San Road
Pabedan Township, Yangon
Myanmar
t +95 1 925 3737
f +95 1 925 3742

INDONESIA

-

Makes & Partners Law Firm
Menara Batavia, 7th Floor
Jl. KH. Mas Mansyur Kav. 126
Jakarta 10220, Indonesia
t +62 21 574 7181
f +62 21 574 7180
w makeslaw.com

MALAYSIA

-

Foong & Partners
Advocates & Solicitors
13-1, Menara 1MK, Kompleks 1 Mont' Kiara
No 1 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur, Malaysia
t +60 3 6419 0822
f +60 3 6419 0823
w foongpartners.com

MIDDLE EAST

-

Al Aidarous International Legal Practice
Abdullah Al Mulla Building, Mezzanine Suite
02
39 Hameem Street (side street of Al Murroor
Street)
Al Nahyan Camp Area
P.O. Box No. 71284
Abu Dhabi, UAE
t +971 2 6439 222
f +971 2 6349 229
w aidarous.com

-

Al Aidarous International Legal Practice
Zalfa Building, Suite 101 - 102
Sh. Rashid Road
Garhoud
P.O. Box No. 33299
Dubai, UAE
t +971 4 2828 000
f +971 4 2828 011

PHILIPPINES

-

ZGLaw
27/F 88 Corporate Center
141 Sedeño Street, Salcedo Village
Makati City 1227, Philippines
t +63 2 889 6060
f +63 2 889 6066
w zglaw.com/~zglaw