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The Employment Pass Landscape In Singapore

Shanker Iyer
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20 YEARS IN PRACTICE



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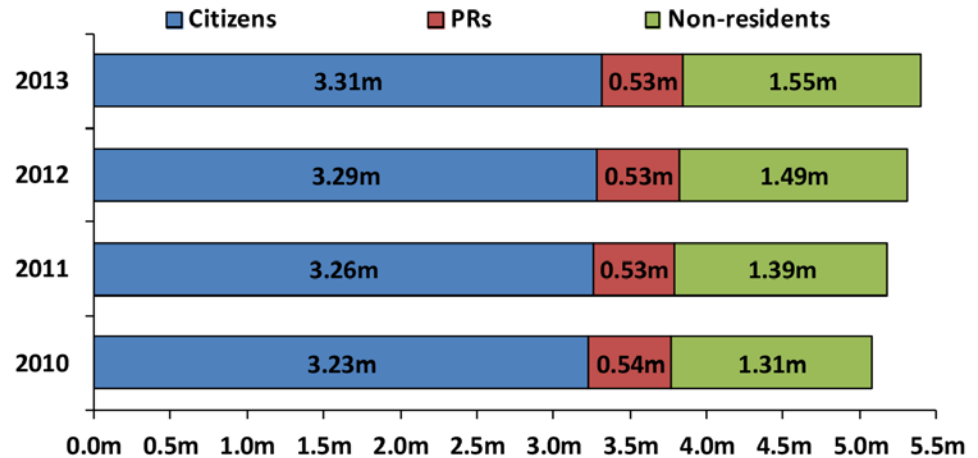


INTRODUCTION

Statistics

- Singapore total population was 5.4 million as of June 2013.
- The total population grew up by 1.6 %. The slowest growth rate in the past 9 years
- The PR population remained stable at 530,000 in 2013.

Growth in Citizen Population; Stable PR Population
 Chart 2: Total population by residency status, as of June



Source: Department of Statistics

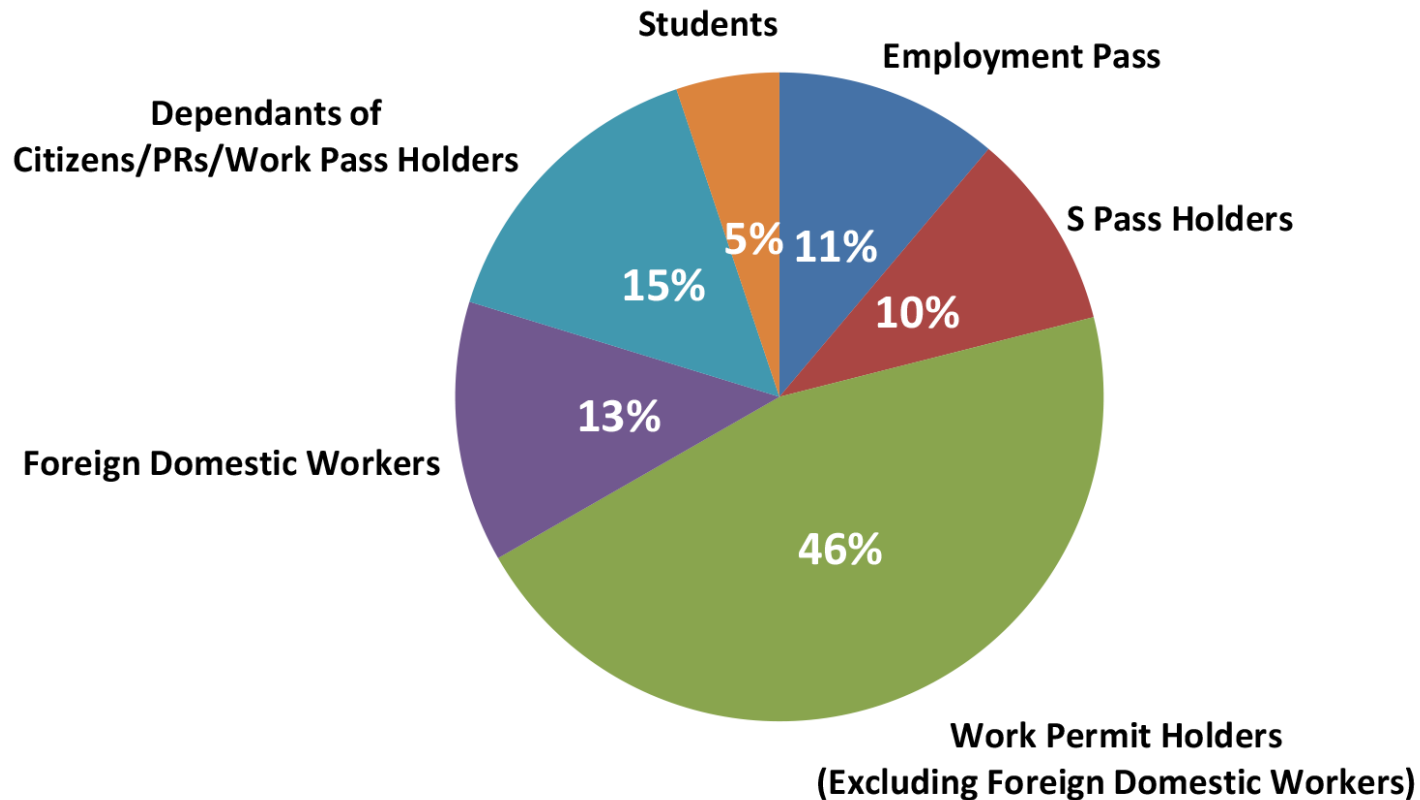
OVERALL POPULATION	2012	2013
Citizen population	3,285.1	3,313.5
PR population	533.1	531.2
Resident population	3,818.2	3,844.8
Non-resident population	1,494.2	1,554.4
Total population	5,312.4	5,399.2

Foreign Workforce Numbers



Pass Type	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Jun-13
Employment Pass (EP)	99,200	113,400	114,300	143,300	175,400	173,800	172,100
S Pass	44,500	74,300	82,800	98,700	113,900	142,400	154,100
Work Permit (Total)	757,100	870,000	856,300	871,200	908,600	952,100	970,600
- Work Permit (Foreign Domestic Worker)	183,200	191,400	196,000	201,400	206,300	209,600	211,000
- Work Permit (Construction)	180,000	229,900	245,700	248,100	264,500	293,400	306,500
Total Foreign Workforce	900,800	1,057,700	1,053,500	1,113,200	1,197,900	1,268,300	1,296,800
Total Foreign Workforce (excluding Foreign Domestic Workers)	717,600	866,300	857,400	911,800	991,600	1,058,700	1,085,700
Total Foreign Workforce (excluding Foreign Domestic Workers & Construction)	527,100	616,800	588,300	638,900	699,100	731,300	743,000

Employment Pass



Employment Pass In Singapore:

An Employment Pass is a work pass / visa that allows foreign professionals who wish to work in Singapore in managerial, executive or specialised jobs.

Work Pass In Singapore

There are currently 4 types of work passes :

- Employment Pass
- S-Pass
- Personalised Employment Pass (PEP)
- Entrepreneurial Pass (Entre-pass)
- Letter Of Consent (LOC)

Employment Pass

There are 3 types of categories under an EP. The higher categories of passes have additional benefits over the lower categories :

- Category P1 - foreigner has to earn a fixed monthly salary of S\$8,000 and above and possess acceptable qualifications (academic and professional)
- Category P2 - foreigner has to earn a fixed monthly salary of S\$4,500 and above, and possess acceptable qualifications
- Category Q1 - foreigner earning a fixed monthly salary of more than S\$3,000 and possesses recognised qualifications. However effective from April 2014, the minimum salary requirement will be increased to \$3,300.

Eligibility Criteria for Passes for family members – Dependent Pass

PASS TYPE	QUALIFYING SALARY	ELIGIBILITY CRITERIA
EMPLOYMENT PASS P 1	FIXED MONTHLY SALARY OF SGD8,000	P1 Pass holders will no longer be able to bring in their parents-in-law. They may still bring in their parents, spouses and children.
EMPLOYMENT PASS P 2	FIXED MONTHLY SALARY OF SGD4,500	P2 Pass holders will no longer be able to bring in their parents or parents-in-law. They may still bring in their spouses and children.
EMPLOYMENT PASS Q 1	FIXED MONTHLY SALARY OF SGD,3,300	S Pass and Employment Pass (EP) holders need to earn a fixed monthly salary of at least \$4,000 to sponsor the stay of their spouses and children here.

Self Assessment Tool

- Apply to companies who employ foreigners to make reasonable efforts to ensure that the following guidelines are considered before submission.
 - Online Self-Assessment Tool to check if the applicant meets the requirements.
 - Applicants who hold a qualified University Degree (from MOM list)
 - Command higher salaries to qualify, commensurate with the work experience and
 - quality they are expected to bring
 - Higher paid up capital
 - Long business track record

S-Pass

- For mid level skilled foreigners
- Fixed monthly salary must be S\$2,200 and above.
- Applicants will be assessed on a points system, taking into account multiple criteria such as:
 - number of years of relevant work experience and acceptable degree or diploma qualifications.
 - Older applicants would have to command higher salaries to qualify, commensurate with the work experience and quality they are expected to bring.

S-Pass Quota

- The number of S Pass holders a company can employ is capped at a sub-Dependency Ceiling (sub-DC), of 15% of the company's total workforce in the Services sector and 20% in the remaining sectors.
- Dependency Ratio Ceilings (DRC) reduced:
 - i. Services sector DRC to be lowered to 40%, from 45%;
 - ii. S Pass sub-DRC for Services sector will be lowered to 15%, from 20%;
- On or after 1 January 2014: The new S Pass criteria shall apply. Existing SPHs who change employers after 1 July 2013 will have their applications considered under the new S Pass criteria.

Personalised Employment Pass (PEP)

- Greater flexibility as the holder can move to a different employer without having to apply for a new pass.
- Permitted to remain in Singapore without employment for up to 6 months.
- Other benefits similar to those given to P1 Employment Pass holders.
- PEP is only issued once
- valid for three years (and is non-renewable)
- Last drawn monthly salary overseas of at least S\$18,000; or
- Held a P1 Employment Pass and earned at least S\$12,000 per month.
- Once granted, a PEP holder must earn at least S\$144,000 per year.
- Not allowed to start his own business
- Not allowed to engage in entrepreneurial activities.

Entrepreneurial Pass (Entre-Pass)

- To start a new business in Singapore.
- Restrictions upon application
 - minimum share capital
 - Annual conditions to be met
 - annual business spend and
 - employment of Singaporeans or Permanent Residents).
- Only 1 or 2 years validity for first time application
- May be increased to longer period for renewals

Changes to Entre-pass Framework

- Changes apply to new EntrePass applications submitted from 1 September 2013.
- Existing EntrePass holders will be given up to one year from 1 September 2013 or the date of their next renewal, whichever is later, to meet the revised criteria to meet the additional requirements :
- Applicants will have to show evidence that their businesses meet at least one of these requirements:
 - Receives funding/investment from a recognised third-party Venture Capitalist
 - (VC)or business angel who is accredited by a Singapore Government agency;
 - Holds an IP that is registered with a recognised national IP institution;
 - Has ongoing research collaboration with a research institution recognised by Agency for Science, Technology and Research (A*STAR) or Institutes of Higher Learning in Singapore; OR
 - Is an incubate at a Singapore Government-supported incubator
- The above framework will be challenging for foreign entrepreneurs who are keen to relocate to Singapore.

Letter Of Consent (LOC)

- A Letter of Consent allows a Dependent's Pass holder to work in Singapore. To be eligible, the applicant must:
 - be a Dependent of an Employment Pass holder
 - secure a job offer with a Singapore employer
 - have a Dependent's Pass that is valid for at least three months.
- Things to take note
 - The employer will need to apply for the Letter of Consent.
 - The Dependent's Pass holder can only begin working after the employer has received the Letter of Consent.
- The Letter of Consent ceases to be valid:
 - When the Dependent's Pass is cancelled; or
- The pass holder is no longer employed by the company.



CHANGES FOR 2014

Fair Consideration Framework (FCF)

MOM expects all firms to consider Singaporeans fairly for jobs, based on merit. Firms with discriminatory hiring practices will be subject to additional scrutiny and may have their work pass privileges curtailed.

1. Ensure that jobs advertised are open to Singaporeans.
2. Firms making new EP applications must advertise the job vacancy on a new jobs bank administered by the Singapore Workforce Development Agency (WDA)
3. Comply with the Tripartite Guidelines on Fair Employment Practices, and run for at least 14 calendar days.
4. These requirements must be met before an EP application is submitted to MOM. These new rules will come into effect on April 2014.

The new Jobs Bank is expected to be launched in mid of 2014.

Changes from 2014

- From 2014 qualifying salary for EP will be increased from S\$3,000 to S\$3,300
- Applicants will have to earn a salary of at least \$3,300 a month or more, depending on qualifications and experience:
 - Young graduates from good educational institutions can qualify if they earn at least \$3,300; and
 - Older applicants will have to command higher salaries to qualify, commensurate with the work experience and quality they are expected to bring.

Additional Scrutiny For Firms Which May Have Discriminatory HR Practices

- MOM and other government agencies will also identify firms that may have scope to improve their hiring and career development practices. Such firms will be asked to provide additional information to MOM such as:
 - Organisation charts with nationality information;
 - Recruitment processes;
 - Staff grievance handling procedures;
 - Framework for staff progression; and
 - Plans to develop local internal staff to take on higher roles or reduce reliance on EP holders.

Additional Scrutiny For Firms Which May Have Discriminatory HR Practices

- If firms are not responsive towards improving their recruitment and training practices, MOM may impose additional requirements, such as requiring the firm to:
 - Attest that the firm will not displace any similarly employed Singaporean within 60 calendar days before or after applying or renewing EPs; and
 - Display a factsheet containing key information submitted to MOM at its workplace.
- Unresponsive firms should expect greater scrutiny and a longer review period for their EP applications. They may also have their work pass privileges curtailed.
- Some practical exemptions are needed, especially at the start. Small firms with 25 or fewer employees, and those jobs which pay a fixed monthly salary of \$12,000 and above, will be exempted from the advertising requirement in paragraph 6 for practical reasons. However, if complaints are received of nationality-based or other discriminatory HR practices, these firms will attract additional scrutiny and may have their work pass privileges curtailed.

TRANSACTIONS ON MOM WEBSITE - ONLINE

- Employment Pass Online (EPOL) is a portal for business employers and employment agencies to perform Employment Pass or S pass transactions. The processing time is shorter when you transact on EPOL as at least 80 % of the applications submitted on line are processed within seven working days. The following transactions can be performed on the EPOL:
 - New applications
 - Dependent passes
 - Renewal of passes
 - Upload relevant documents for related passes
 - Submit Appeal documents
 - Check status of applications
 - Issuance of passess
 - Printing and viewing documents
 - Check for organisation quota and tier information
- Successful applicants, MOM will notify the company via letter which will be sent to the corresponding address within 7 working days from the approved date. Alternatively, the company or its employment agencies may log in to the EPOL to print the In-Principle Approval (IPA) Letter.
- The IPA letter will give detailed instructions on the new registration and card issuance process via the IPA letter. The company or EA would need to take an E-appointment at the Employment Pass Services Centre (EPSC) for registration of his / her fingerprint and photo image.

Permanent Residence

- Permanent Residence (PR) allows an individual to reside in Singapore for a period of 5 years, which is then subject to renewal. Recent tightening of immigration into Singapore has made the PR application process more selective and lengthy.
- Any person who is working in Singapore on a Work Pass is eligible to submit an application.
- Other route of obtaining PR is through investment in Singapore through the Global Investor Programme (GIP)
- Investment options:
 - Option A:** Invest at least \$2.5mil in a new business entity or to expand an existing business operation.
 - Option B:** Invest at least \$2.5mil in a GIP fund that invests in Singapore based companies. The government maintains a list of pre-approved GIP funds.
- One of the key conditions is that the investors' company must have an average turnover of at least \$50mil over the last 3 years. (\$200mil if in the real estate or construction industry).

EMPLOYMENT PASS SERVICES CENTRE (EPSC)

The new EPSC will begin operations from 1 July 2009. Details of the EPSC are as follows:

Location : 20 Upper Circular Road, #04-01/02,
The Riverwalk, Singapore 058416.

Please see Annex B for the location map of EPSC.

Operating hours: 8 a.m. to 5.30 p.m. (weekdays)

8 a.m. to 1 p.m. (Saturdays)

* The EPSC is closed on Sundays and public holidays

Services:

- International & Domestic Tax
- Company Formation & Administration
- Trusts & Foundations
- Immigration & HR
- Regulatory & Compliance
- Accounting & Financial Reporting



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Contact Us



CONTACT US

Shanker Iyer

Email shanker@iyerpractice.com
Phone +65 6532 5746
Mobile +65 9760 6488

80 Raffles Place
#26-01 UOB Plaza 1
Singapore 048624

Sunil Iyer

Email sunil@iyerpractice.com
Phone +65 6532 5746
Fax +65 6532 7680

80 Raffles Place
#26-01 UOB Plaza 1
Singapore 048624

Sanjay Iyer

Email sanjay@iyerpractice.com
Phone +852 2529 9952
Mobile +852 9355 3495

Unit 29E, 29/F Admiralty Centre Tower 1
18 Harcourt Road, Admiralty
Hong Kong

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