

6 Things You Should Know about Singapore Payroll

January 2016

1. What social security contributions are applicable?

The Central Provident Fund (CPF) is a social security system that enables working Singapore Citizens and Permanent Residents to set aside funds for retirement and other permitted uses.

CPF is only applicable for Singapore citizens and Permanent Residents and does not apply to Employment Pass holders.

Please click for an [overview of CPF](#) and [CPF contribution and allocation rates from 1 Jan 2016](#)



2. Are payslips compulsory?

From 1 April 2016, all employers will be required to issue itemised payslips to employees covered under the Employment Act.

Payslips may be given in either soft or hard copy. They should be given at least once a month, together with payment or at least within 3 working days of payment.

Please click for more information regarding [the other breaches under this new framework](#) and [requirements of itemised payslips](#).

3. Which deductions should a company make for EP holders?

- Singapore does not practice the PAYE (Pay-as-you-earn) system of monthly tax deductions.
- Ethnic Funds

The prescribed amount (max of \$3 - \$30 depending on ethnic group and income bracket) is deducted monthly from the wages of certain employees. Employees may opt-out if they wish. Contributions are made via employer deductions.

For contribution rates, please click [here](#).



4. Other employee oncost

- Skills Development Levy

Employers have to contribute a Skills Development Levy for all Singapore based employees up to the first S\$4,500 of gross monthly remuneration at a levy rate of 0.25%, subject to a minimum of S\$2, whichever is higher.

For more information, please click [here](#)

5. What does the company need to do when an EP holder resigns?

Tax Clearance Process

- Where an Employment Pass holder ceases employment, the employer needs to file the tax clearance return (IR21) to report the employment income upto the last working day in Singapore and withhold any payments due to the employee, until clearance is received from IRAS.
- IR21 must be filed 1 month before employee's cessation of employment or departure from Singapore, whichever is earlier. Employer may be fined up to S\$1,000 and also be liable for any unpaid taxes of the employee, if they fail to comply with the tax clearance procedure.

For more information, please click [here](#).

5. What does the company need to do when an EP holder resigns? (cont'd)

Cancellation of Employment Pass

- Pass should be cancelled within 1 week of pass holder's cessation of employment.

For more information, please click [here](#).





6. Expense Claims

Expense claims can be incorporated into monthly payroll.

The nature of the claim will determine if payment is subject to CPF or not .

For more information, please click [here](#).



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