



Amendments to the Singapore Employment Act now in force

The Employment Act (EA) is Singapore's statute relating to labour and employment issues. It lays down specific provisions regarding the basic terms and conditions of employment and the rights, duties and responsibilities of employers and employees.

The existing EA covered every employee who is under a contract of service with an employer, except any person employed in a managerial or executive position, any seaman, any domestic worker or any person employed by a Statutory Board or the Government.

There is specific section of the EA (Part IV) which covered workmen earning not more than S\$4,500 as a monthly basic salary and non-workmen earning not more than S\$2,000 as a monthly basic salary. This section stipulates specific rules on a number of areas including payment of salary, hours of work, overtime and rest days.

From 1 April 2014, a number of amendments have been made to the EA including:

More protection for workers:

- Part IV of the EA will now cover non-workmen earning a monthly basic salary up to S\$2,500
- The general provisions of the EA will now cover professionals, managers and executives (PMEs) earning a monthly basic salary of up to S\$4,500
- A 25% sub-cap will be imposed for deductions to employee's salaries for accommodation, amenities and services to prevent excessive deductions to their salaries. This is within the existing 50% total cap for authorised deductions.

More flexibility for employers:

- Even though the threshold for Part IV of the EA will be raised to include non-workmen earning a monthly salary of up to S\$2,500, the overtime rate payable under this section will be capped at the salary level of S\$2,250.
- PME's covered by the EA will need to have served with the same employer for at least 12 months to be eligible to seek redress against unfair dismissal.
- Employers will be allowed the additional option to grant time-off-in-lieu for PME's who are required to work on public holidays, subject to mutual agreement. In the absence of mutual agreement, at least half a day off in-lieu has to be granted.

Increased penalties for non-compliance

- The penalty for failure to pay salary in accordance with the EA will be raised (for a first time offence) to a fine between S\$3,000 and S\$15,000, and/or 6 months' jail.
- Employment inspectors will be granted more powers where they suspect a failure to pay salary.

If you require any further clarifications, please contact Sunil Iyer on sunil@iyerpractice.com.

Iyer Practice Advisers
SINGAPORE OFFICE
80 Raffles Place #26-01
UOB Plaza 1 Singapore 048624

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

Read our free publications at iyerpractice.com.
For the latest business/finance related updates,
follow us on :

