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The Employment Pass Landscape In Singapore

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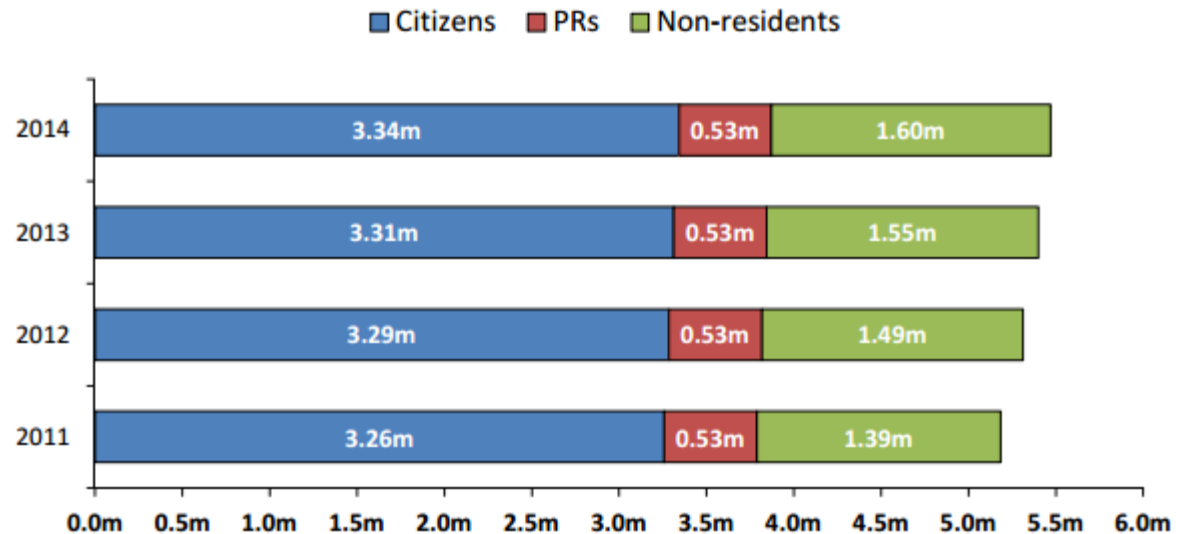
INTRODUCTION

Statistics

- Singapore total population was 5.47 million as of June 2014.
- The total population grew up by 1.3 %. The slowest growth rate in the past decade, driven by slower growth in non-resident population
- The PR population decreased slightly to 527,700 in 2014.

Stable Growth in Citizen Population; Stable PR Population Size

Chart 1: Total population by residency status, as of June



Source: Department of Statistics

OVERALL POPULATION	2013	2014
Citizen population ('000)	3,313.5	3,343.0
Permanent Resident (PR) population ('000)	531.2	527.7
Resident population ('000)	3,844.8	3,870.7
Non-resident population ('000)	1,554.4	1,599.0
Total population ('000)	5,399.2	5,469.7

Source: Department of Statistics

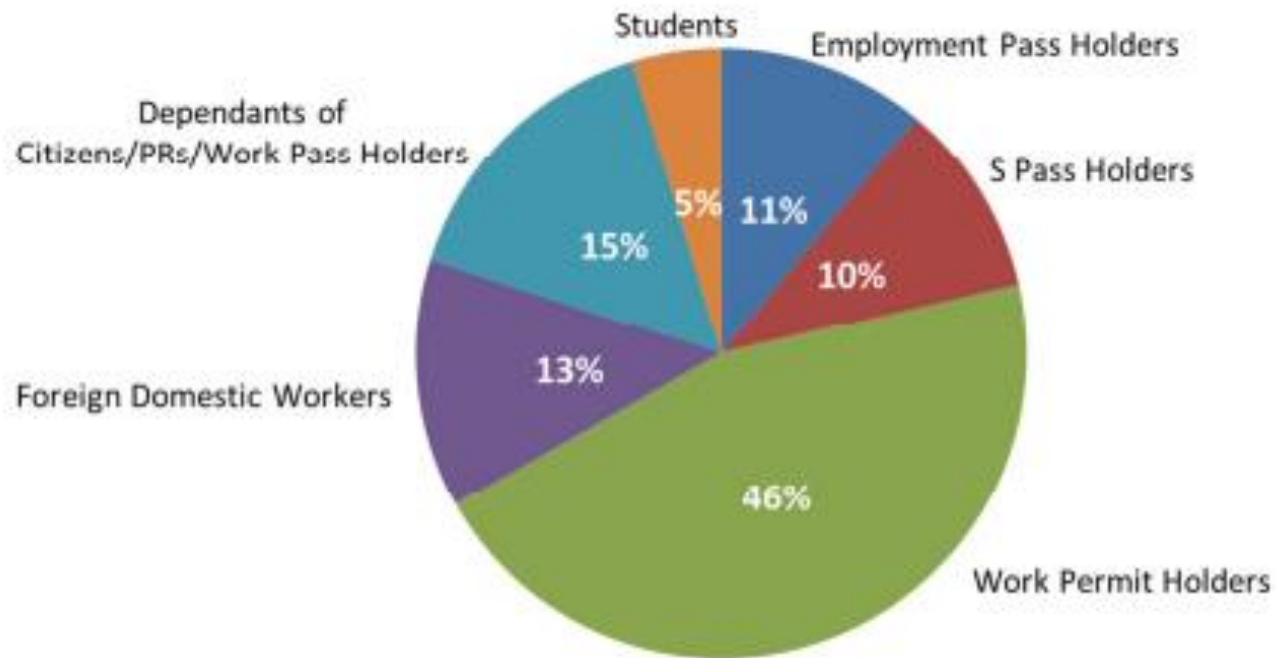
Foreign Workforce Numbers



Pass Type	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Jun-15
Employment Pass (EP)	143,300	175,400	173,800	175,100	178,900	180,800
S Pass	98,700	113,900	142,400	160,900	170,100	173,800
Work Permit (Total)	865,2000	901,000	942,800	974,400	991,300	993,900
- Work Permit (Foreign Domestic Worker)	201,400	206,300	209,600	214,500	222,500	227,100
- Work Permit (Construction)	248,000	264,400	293,300	318,900	322,700	322,400
Other Work Passes (eg. LOC)	6,000	7,600	9,300	11,300	15,400	19,700
Total Foreign Workforce	1,113,200	1,197,900	1,268,300	1,321,600	1,355,700	1,368,200
Total Foreign Workforce (excluding Foreign Domestic Workers)	911,800	991,600	1,058,700	1,107,100	1,133,200	1,141,100
Total Foreign Workforce (excluding Foreign Domestic Workers & Construction)	638,900	699,100	731,300	748,100	764,500	771,200

Source: Ministry of Manpower

Foreigners in Singapore



Source: Department of Statistics



WORK PASSES



Work Passes 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 In Singapore:

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



Employment Pass

There is now only 1 type of EP, and the benefits associated with it depend on the salary paid:

The minimum salary for an EP is a fixed monthly salary of at least S\$3,300 (experienced hires are expected to earn more). The candidate must also possess recognized qualifications.

Those earning at least S\$5k may bring in their spouses and children under 21 on dependent/long-term visit passes. (increased from \$4.5k in Sep 2015)

Those earning at least S\$10k may also bring in their parents on long-term visit passes. (increased from \$8k in Sep 2015)

Employment Pass Criteria

- In considering the Employment Pass application, MOM take several factors into account, including the following:
 - Educational qualifications of applicant
 - Work experience of applicant
 - Salary of applicant (ensuring it is commensurate with the work experience)
 - Paid up capital of Employer
 - Business track record of Employer
- Online Self-Assessment Tool to check if the applicant meets the requirements prior to submission.

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.

Fair Consideration Framework (FCF)

Small firms with 25 or fewer employees, and / or those jobs which pay a fixed monthly salary of \$12,000 and above, will be exempted from the above requirement to advertise the vacancy on the new jobs bank; but must still comply with the guidelines on Fair Employment Practices.



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.



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 & Levy

- 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.
- Monthly levy on companies hiring S-pass holders between S\$315 and S\$550

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 EP holders earning over S\$10,000 per month.
- 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 own business or entrepreneurial activities



Entrepreneurial Pass (EntrePass)

- To start a new business in Singapore.
- Restrictions upon application
 - minimum share capital (S\$ 50,000)
 - 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

EntrePass Additional Requirements

- Applicants will have to show evidence that their businesses meet at least one of these requirements:
 - Has funding from a Government-accredited VC or business angel
 - Holds an IP that is registered with a recognised national IP institution;
 - Has research collaboration with Agency for Science, Technology and Research (A*STAR) or a university in Singapore
 - Is an incubate at a Singapore Government-supported incubator (e.g. SPRING Singapore)
- 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 3 months.
- 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.

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 S\$2.5mil in a new business entity or to expand an existing business operation.
 - **Option B:** Invest at least S\$2.5mil in a GIP fund that invests in Singapore based companies. The government maintains a list of pre-approved GIP funds.
- The applicant's company must have an average turnover of at least S\$50mil over the last 3 years in an approved industry



CHANGES FOR 2015

Key changes for 2015

- Thresholds for EP holders to bring in families / parents increased from \$4.5k/\$8k to \$5k/\$10k
- Additional scrutiny on newer and smaller businesses upon application and renewal for passes.
Requests from MOM include :
 - Evidence of business activity (e.g. contracts / invoices / bank statements)
 - Manpower projections
- Mechanism for collection of pass



Services:

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



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