



Singapore's budget revises foreign worker permits, CPF contributions

*By Dimitris Efthymoulou, Fiona Webster and Stephanie Rosseau
23 March 2022*

Several changes to Singapore's foreign workforce policies, featured in the 2022 budget announced on 18 February 2022, aim to boost the employment rate of Singaporean nationals and reduce the number of foreign workers. Employer and employee contribution rates to the Central Provident Fund (CPF) will progressively increase on 1 January 2023 for employees aged between 55 and 70.

Highlights

Employment Pass for eligible foreign professionals, managers, and executives. The government aims for incoming Employment Pass (EP) holders to be “comparable in quality to the top one-third of our local PMET workforce (those with professional, managerial, executive and technical jobs).” It said it will “refine” how EP applications are assessed to improve “the complementarity and diversity of our foreign workforce, and also to increase certainty and transparency for businesses.”

From 1 September 2022, first-time younger applicants for the EP must earn a minimum qualifying salary of S\$5,000 (up from S\$4,500), and older applicants (aged in their mid-40s) must earn S\$10,500 or more (up from S\$9,000). The increased salary thresholds will apply for pass renewals from 1 September 2023.

From 1 September 2022, EP applicants working in the financial sector must pay increased fees — S\$5,500 for younger applicants and S\$11,500 for older applicants.

Introduction of points-based immigration system for EP. EP applicants will have to earn a minimum number of points based on individual and company criteria, under a new [Complementarity Assessment Framework](#) (COMPASS), in addition to meeting the increased qualifying salary. Applicants will have to earn 40 points or more to pass COMPASS, scored on four foundational criteria and two bonus criteria based on salary, qualifications and diversity. COMPASS will apply to new EP applicants from 1 September 2023, and to renewals from 1 September 2024.

S Passes for eligible foreign mid-skilled technical employees. The government aims for S Pass holders “to be comparable in quality to the top one-third of local Associate Professionals and Technicians.”

From 1 September 2022, the minimum qualifying salary for younger applicants for an S Pass will be S\$3,000, increasing to at least S\$3,150 on 1 September 2023 and to S\$3,300 on 1 September 2025 (the salary amounts will be confirmed closer to the date). The fee for older applicants will be approximately S\$4,500. The increased salary thresholds will apply for pass renewals from 1 September 2023.

From 1 September 2022, S Pass applicants working in the financial sector must earn a minimum S\$3,500, increasing on 1 September 2023 to at least S\$3,650, and from 1 September 2025 to at least S\$3,800 (salary amounts will be confirmed closer to the date).

The Tier 1 S Pass worker levy rate will increase on 1 September 2022 to S\$450, to S\$550 in September 2023 and to S\$650 in September 2025.

Levy structure to replace Work Permits. From 1 January 2024, a new levy structure will replace the current Work Permit for eligible semi-skilled foreigners working in the construction, manufacturing, marine shipyard, processing and service sectors. Different levies will apply, depending on the industry sector and the workers' nationalities.

Also, from 1 January 2024, the dependency ratio ceiling (DRC) will be reduced for the construction and process sectors. The DRC is the maximum ratio of foreign workers that can be employed in relation to the total workforce under the S Pass and Work Permit schemes.

Introduction of Progressive Wage Credit Scheme. The government will introduce the Progressive Wage Credit Scheme to co-fund wage increases between 2022 and 2026 for lower-paid workers. From 1 January 2023, the Workfare Income Supplement will expand to include more lower-paid Singapore citizens and permanent resident workers.

Other labor market measures. The Jobs Growth Incentive scheme will be modified and extended until September 2022, providing salary support to employers hiring workers aged 40 and older who are unemployed for six months or longer, persons with disabilities and ex-offenders. From 1 April 2022, the Skills Future Career Transition Programme will replace several training schemes.

Increased CPF contributions. The pension contribution rates for members aged 55 to 70 will increase again on 1 January 2023 (an increase was implemented in 2022). For members aged 55 to 60, the new employers' contribution rate will be 14.5%, and 15% for employees (up from 14% paid by both employers and employees). For ages 60 to 65, the rate will be 11% and 9.5% respectively (up from 10% and 8.5%). For ages 65 to 70, the rate will be 8.5% and 7% respectively (up from 8% and 6%). The targeted rate for combined CPF contributions (to be achieved by 2030), will be 37% for members aged 55 to 60; 26% for members aged 60 to 65; and 16.5% for members aged 65 to 70. The government will continue to support employers with an offset similar to the CPF Transition Offset provided in 2022.

Related resources

- [Singapore budget 2022](#) (Government, 18 February 2022)
- [Complementarity Assessment Framework](#) (Ministry of Manpower, February 2022)

Note: Mercer is not engaged in the practice of law, accounting or medicine. Any commentary in this article does not constitute and is not a substitute for legal, tax or medical advice. Readers of this article should consult a legal, tax or medical expert for advice on those matters.