



Guidelines for employers of Work Permit and S Pass holders

# **HOW TO CALCULATE YOUR QUOTA AND LEVY BILL**

## About this booklet

This booklet is to help you estimate your levy bill and understand how your quota is calculated, for you to make informed business decisions.

Quotas and levies are applied to all Work Permit (WP) and S Pass holders to encourage employers to hire local employees and explore manpower-lean solutions.

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## How to calculate your quota and levy bill

Updated 31 Mar 2021

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### How we count your local employees to determine the quota

We use your company's Central Provident Fund (CPF) account to count your local employees and calculate your Work Permit (WP) and S Pass quota.

**Local employees** refer to Singaporean and Permanent Resident (PR) staff employed by your company under a [contract of service](#), including the company's director. The following local employees are not counted when calculating your quota:

- Business owners of sole proprietorships or partnerships.
- Employees who receive CPF contributions from three or more employers.

If you have multiple CPF accounts in your company, you should not contribute CPF for the same employee under the different accounts to get more quota.

The local qualifying salary (LQS) determines the number of local employees who can be used to calculate your WP and S Pass quota entitlement.

A Singaporean or Permanent Resident employee employed under a [contract of service](#), including the company's director, is considered as:

- 1 local employee (1 LQS count) if they earn the LQS of **at least \$1,400 per month**.
- 0.5 local employee (0.5 LQS count) if they earn half the LQS of **at least \$700 to below \$1,400 per month**.

*\*For the first 2 years of your employee's PR status, the CPF contribution is at a graduated rate (i.e. lower rates compared to a Singaporean, or PRs beyond the 3<sup>rd</sup> year). Hence, in order to meet a full-time headcount contribution, your company **may consider** contributing the normal CPF rate (similar to any local employee of the same age) in order to be considered as an equivalent of a full time local employee drawing a monthly salary of \$1,400.*

To cater for any fluctuation in the number of local employees, we take the average of three months' CPF contributions. The months we use to calculate the average depend on when you make the CPF contributions. If you make the CPF contributions by the 14<sup>th</sup> of the same month, it will be included in next month's quota calculation. For example, if you make your employees' July contributions:

- By 14 July, your quota for August will be based on the average of CPF contributions in May, June and July.
- In August, your quota for August will be based on the average of CPF contributions in April, May and June.

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Your local workforce is updated on the second working day and second Saturday of each month. Any late or non-payment of CPF contributions will affect your quota and may cause your workers to be allocated higher levy tiers. We may not consider late CPF contributions in our calculations, even if you pay off the arrears and any late interests or fines due.

### **Online quota calculator**

To calculate your WP and S Pass quota, you can use our [online quota calculator](#).

### **Important**

Once you have exceeded your quota entitlement, new applications and renewals for WP and S Pass may be rejected. You may also need to cancel your excess WP and S Pass holders.

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**Quota and levy rates**

The number of WP and S Pass holders a company can hire is limited by a quota and subject to levy. The levy rates vary across sectors and are tiered. This means that the more WP and S Pass holders you have, the higher your levy rate is. The table below outlines the quota, levy rates and tiers for the various sectors.

| Pass type   | Tier   | Percentage | Levy rate<br>(Higher-skilled / Basic-skilled) |
|---|--|------------|---|
| <b>S Pass</b>   |  |            |   |
| <b>Manufacturing</b><br>Quota: 20%                                  | Basic/Tier 1                                 | ≤10%       | \$330   |
|   | Tier 2                                       | >10% – 20% | \$650   |
| <b>Construction,<br/>Marine shipyard,<br/>Process</b><br>Quota: 18% | Basic/Tier 1                                 | ≤10%       | \$330   |
|   | Tier 2                                       | >10% – 18% | \$650   |
| <b>Services</b><br>Quota: 10%                                       | Basic/Tier 1                                 | ≤10%       | \$330   |
| <b>Work Permits</b>   |  |            |   |
| <b>Manufacturing</b><br>Quota: 60%                                  | Basic/Tier 1                                 | ≤25%       | \$250 / \$370                                 |
|   | Tier 2                                       | >25% – 50% | \$350 / \$470                                 |
|   | Tier 3                                       | >50% – 60% | \$550 / \$650                                 |
| <b>Services</b><br>Quota: 35%                                       | Basic/Tier 1                                 | ≤10%       | \$300 / \$450                                 |
|   | Tier 2                                       | >10% – 25% | \$400 / \$600                                 |
|   | Tier 3                                       | >25% – 35% | \$600 / \$800                                 |
| <b>Construction</b><br>Quota: 87.5%                                 | Higher-skilled / Basic-skilled on MYE        | ≤87.5%     | \$300 / \$700                                 |
|   | Higher-skilled / Basic-skilled on MYE-waiver |            | \$600 / \$950                                 |
| <b>Process</b><br>Quota: 87.5%                                      | MYE  | ≤87.5%     | \$300 / \$450                                 |
|   | MYE-waiver                                   |            | \$600 / \$750                                 |
| <b>Marine shipyard</b><br>Quota: 77.8%                              | Basic tier                                   | ≤77.8%     | \$300 / \$400                                 |

**Note:** If you temporarily exceed the 10% S Pass quota for the services sector due to workforce attrition, you will be charged the Tier 2 levy rate for the excess S Passes.

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### 6 steps to calculating your quota and levy bill

#### Step 1: Calculate the maximum no. of foreign workers (FW) you can hire

The number of local employees (LQS count) is based on the [average of three months' CPF contributions](#). This determines the maximum number of foreign workers (WP and S Pass holders) you can hire:

| Sector          | Quota | Max no. of FWs = $\frac{LQS\ count \times Quota}{(100\% - Quota)}$ |
|-----------------|-------|--|
| Construction    | 87.5% | LQS count x 7  |
| Process         | 87.5% | LQS count x 7  |
| Marine shipyard | 77.8% | LQS count x 3.5  |
| Manufacturing   | 60%   | LQS count x 1.5  |
| Services        | 35%   | LQS count x 0.538462   |

**Note:**  
Round the figures down to the nearest whole number. E.g. if the figure you have obtained is 4.5, your max no. of FWs is 4.

#### Illustration:

Mr Tan runs a factory, licensed by SFA, producing nonya kueh.

His workforce consists of 25 LQS count and 8 Malaysian WP holders in his factory. Out of the 8 WP holders, 6 are classified as higher-skilled and the other 2 as basic-skilled.

He is thinking of expanding his factory, but is unsure how many more foreign workers he can hire.

Mr Tan's factory is in the manufacturing sector, so his quota is 60%.

#### Step 1:

Max no. of FWs = 25 LQS count x 1.5 = **37 FWs**

So Mr Tan can hire 29 more foreign workers.

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### Important

When the number of locals earning the LQS (LQS count) drops, the number of WP and S Pass holders a company can hire drops as well.

### Step 2: Calculate your total workforce

Your total workforce = LQS count (based on the [average of three months' CPF contributions](#)) + WP holders + S Pass holders

**Do not** include Employment Pass (EP) holders in the total workforce calculation.

#### Illustration:

In addition to his 25 LQS count and 8 WP holders, Mr Tan now receives approval for 2 additional WP holders from Malaysia. He intends to bring in the 2 newly approved workers, i.e. in-principle approval (IPA) holders on 1 Mar 2021 to complete the issuance of the work permits.

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#### Step 2:

His total workforce = 25 LQS count + 8 WP holders = **33**

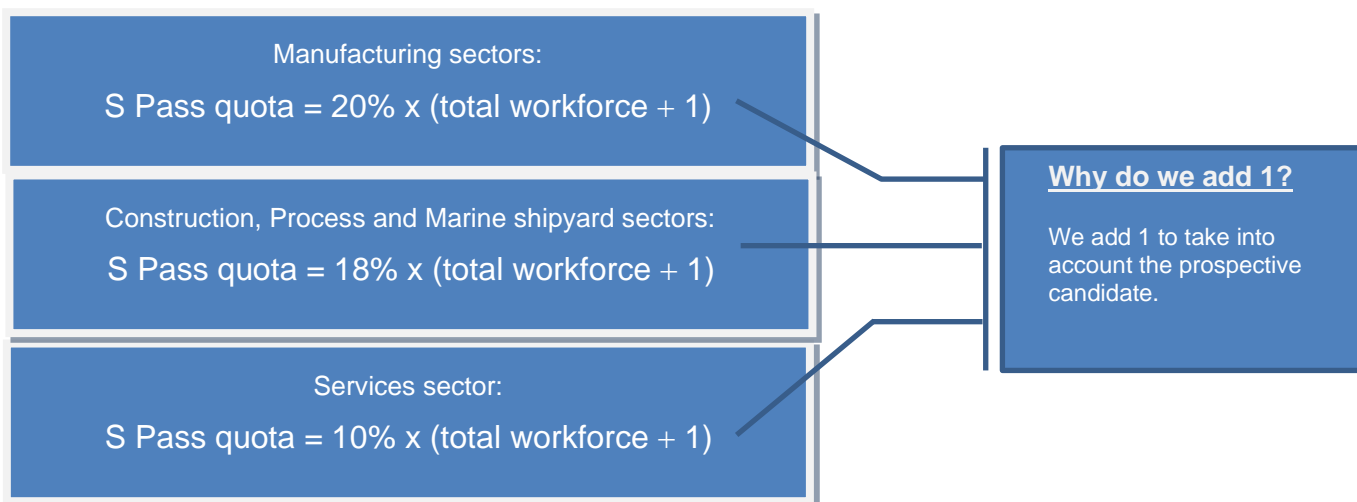
*The 2 IPA holders who have not had their work permits issued are not counted in the total workforce.*

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### Step 3: Calculate the number of S Pass holders you can hire

The S Pass quota is 10% for the services sector, 20% for the manufacturing sector, and 18% for the other sectors. This refers to the percentage of your total workforce that can be S Pass holders, and is counted within your total quota for foreign workers (max no. of FWs).



**Note:** Round the S Pass quota figure down to the nearest whole number.

#### Illustration:

Mr Tan is thinking of hiring supervisors on S Pass to manage his operations. How many S Pass holders can he hire?

#### Step 3:

a) **10 Feb 2021** – Before he has issued the work permits for the 2 newly approved Malaysian workers.

Mr Tan's total workforce = 25 LQS + 8 WP holders\* = **33**

S Pass quota =  $20\% \times (\text{total workforce } [33] + 1) = \mathbf{6 \text{ S Passes}}$  (rounded down to the nearest whole no.)

*\*The 2 IPA holders who have not had their work permits issued are not counted in the total workforce.*

At this point, Mr Tan has sufficient quota to hire 6 S Pass workers.

b) **10 Mar 2021** – After he has issued the work permits to the 2 Malaysian workers.

Mr Tan's total workforce = 25 LQS + 10 WP holders# = **35**

S Pass quota =  $20\% \times (\text{total workforce } [35] + 1) = \mathbf{7 \text{ S Passes}}$

*#The 2 IPA holders have been counted into the total workforce after their work permits are issued.*

After the issuance of the work permits for his 2 approved Malaysian workers, Mr Tan has sufficient quota to hire 7 S Pass workers.



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### For manufacturing and services sectors only

#### Step 4: Calculate the number of PRC WP holders you can hire

For the manufacturing and services sectors, the WP quota for workers from the People's Republic of China (PRC) is as follows:

Manufacturing:  
$$\text{PRC quota} = 25\% \times (\text{total workforce} + 1)$$

Services:  
$$\text{PRC quota} = 8\% \times (\text{total workforce} + 1)$$

**Note:** Round the PRC quota figure down to the nearest whole number.

#### Illustration:

Mr Tan hired all 7 S Pass holders and now plans to hire some PRC workers as he finds it difficult to recruit Malaysians, he plans to hire some PRC WP holders instead. How many PRC WP holders can he hire?

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#### Step 4:

PRC quota for manufacturing sector =  $25\% \times (\text{total workforce } [42] + 1)$   
= **10** (rounded down to the nearest whole no.)

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### For manufacturing and services sectors only

#### Step 5: Calculate the number of FWs under each levy tier

Use this table to calculate the number of FWs under each levy tier. Remember to round the figures down to the nearest whole numbers. There are no levy tiers for the construction, process and marine shipyard sectors.

| Levy tiers    | Manufacturing sector                               | Services sector                                    |
|---------------|--|--|
| <b>Tier 1</b> | $T_1 = 25\% \times \text{total workforce}$         | $T_1 = 10\% \times \text{total workforce}$         |
| <b>Tier 2</b> | $T_2 = (50\% \times \text{total workforce}) - T_1$ | $T_2 = (25\% \times \text{total workforce}) - T_1$ |
| <b>Tier 3</b> | $T_3 = \text{No. of FWs} - T_1 - T_2$              | $T_3 = \text{No. of FWs} - T_1 - T_2$              |

We assign your FWs in the various tiers based on this order:

- 1<sup>st</sup>: S Pass holders
- 2<sup>nd</sup>: Higher-skilled WP holders
- 3<sup>rd</sup>: Basic-skilled WP holders

#### Illustration:

In the end, Mr Tan managed to hire another 7 S Passes, 10 PRC basic-skilled WP holders. At this stage, Mr Tan's total workforce of 52 employees consists of:

- ✓ 25 LQS count
- ✓ 7 S Passes
- ✓ 8 Malaysian higher-skilled WP holders
- ✓ 2 Malaysian basic-skilled WP holders
- ✓ 10 PRC basic-skilled WP holders

Mr Tan now wants to calculate the number of FWs under each levy tier to work out his levy bill for the month.

#### Step 5:

$$\begin{aligned}
 T_1 &= 25\% \times 52 & &= 13 \\
 T_2 &= (50\% \times 52) - 13 & &= 13 \\
 T_3 &= 27 \text{ FWs} - 13 - 13 & &= 1
 \end{aligned}$$

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### Step 6: Now you can calculate your levy bill

Multiply the number of workers in each tier by the levy rate:

| Levy tier     | Levy bill for each tier          |                   | Total levy bill  |
|---------------|----------------------------------|-------------------|--|
| <b>Tier 1</b> | $T_1 \times$<br>Tier 1 levy rate | = Levy for Tier 1 | Total levy bill =<br>Levy for Tier 1 +<br>Levy for Tier 2 +<br>Levy for Tier 3 |
| <b>Tier 2</b> | $T_2 \times$<br>Tier 2 levy rate | = Levy for Tier 2 |  |
| <b>Tier 3</b> | $T_3 \times$<br>Tier 3 levy rate | = Levy for Tier 3 |  |

These illustrations assume that all your foreign workers are employed for a full month. Your actual levy bill takes into account any foreign workers who are employed for less than a month (new workers or those who left). You will only be charged levy for the days they were employed.

#### Step 6:

$$T_1 = 13 = \begin{matrix} 7 \text{ S Pass} \\ (\$330 \times 5) + (\$650 \times 2) \end{matrix} + \begin{matrix} 6 \text{ Malaysian higher-skilled WPs} \\ (\$250 \times 6) \end{matrix} = \$4,450$$

$$T_2 = 13 = \begin{matrix} 2 \text{ Malaysian higher-skilled WPs} \\ (\$350 \times 2) \end{matrix} + \begin{matrix} 2 \text{ Malaysian basic-skilled WPs} \\ (\$470 \times 2) \end{matrix} + \begin{matrix} 9 \text{ PRC basic-skilled WPs} \\ (\$470 \times 9) \end{matrix} = \$5,870$$

$$T_3 = 1 = 1 \text{ PRC basic-skilled WP} = \$650$$

**Mr Tan's total levy bill for the month**  
**= \$4,450 + \$5,870 + \$650 = \$10,970**

| Manufacturing              |                |            |   |
|----------------------------|----------------|------------|---|
| Pass Types                 | Tiers          | Percentage | Levy Rate<br>(higher skilled / basic skilled) |
| S Pass<br>Quota: 20%       | Basic / Tier 1 | ≤ 10%      | \$330   |
|                            | Tier 2         | > 10 ≤ 20% | \$650   |
| Work Permits<br>Quota: 60% | Basic/ Tier 1  | ≤ 25%      | \$250 / \$370                                 |
|                            | Tier 2         | > 25 ≤ 50% | \$350 / \$470                                 |
|                            | Tier 3         | > 50 ≤ 60% | \$550 / \$650                                 |

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### How changes in your business operations can affect your quota

Due to the popularity of his nonya kueh, Mr Tan plans to open a café. He wants to move 5 of his local employees and some of his foreign workers to run his new café. How will this affect his quota?

#### Step 1: Calculate max no. of FWs

Mr Tan's new café will be classified under the services sector. He will not be able to use his manufacturing quota and needs to apply for a 2<sup>nd</sup> CPF account.

For his café: Max no. of FWs = 5 LQS count x 0.538462 = **3 FWs**

For his factory: Max no. of FWs = 20 LQS count x 1.5 = **30 FWs**

By transferring 5 of his local factory employees to the café, instead of the previous entitlement of 37 FWs, he will now only be able to employ 30 FWs in his factory.

Mr Tan decides to proceed with his plan. He transfers 5 local employees and 3 Malaysian WP holders from the factory to the café. He also hired an additional 2 locals who met the LQS for his café. The remaining 20 local employees and 24 foreign workers continue to work in the factory.

#### Step 2: Calculate the total workforce

For his café: Total workforce = 7 LQS count + 3 WPs = **10** (at max quota of 3 FWs)

For his factory: Total workforce = 20 LQS count + 7 S Pass + 17 WPs = **44** (below max quota of 30 FWs)

#### Important:

Even though Mr Tan owns the café and factory, he **cannot combine** the total workforce of both businesses to calculate his quota. This is because the café and factory belong to different sectors with different quotas.

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With the transfers, Mr Tan wants to find out whether his factory has the quota to continue employing his 7 S Pass supervisors and the 10 PRC WP holders.

### Step 3: Calculate S Pass quota

For his café: S Pass quota = 0

For his factory: S Pass quota = 20% X (total workforce [44]) = **8 S Passes**

Mr Tan still has the S Pass quota to continue employing his S pass holders in his factory. Mr Tan cannot hire an S Pass holder as he has already reached the maximum quota of 3 foreign workers.

### Step 4: Calculate PRC quota

For his café: PRC quota = 0

For his factory: PRC quota = 25% x (total workforce [44]) = **11 PRC WPs**

Mr Tan still has the PRC quota to continue employing his 10 PRC WP holders in his factory. However, he cannot hire a PRC WP holder for his café, as he does not have the PRC quota and has already reached the maximum quota of 3 foreign workers.

Workforce for his **café**:

- ✓ 7 LQS count
- ✓ 3 Malaysian higher-skilled WP holders

Total workforce = 10

### Step 5: Calculate the no. of FWs under each tier

$$T_1 = 10\% \times \text{total workforce [10]} = 1$$

$$T_2 = (25\% \times \text{total workforce [10]}) - T_1 [0] = 1$$

$$T_3 = \text{No. of FWs [3]} - T_1 [0] - T_2 [2] = 1$$

### Step 6: Calculate levy bill

$$T_1 = 1 = 1 \text{ Malaysian higher-skilled WP} = \$300$$

$$T_2 = 1 = 1 \text{ Malaysian higher-skilled WP} = \$400$$

$$T_3 = 1 = 1 \text{ Malaysian higher-skilled WP} = \$600$$

$$\text{Café's levy bill for the month} = \$300 + \$400 + \$600 = \$1,300$$

| Services                   |                |            |   |
|----------------------------|----------------|------------|---|
| Pass Types                 | Tiers          | Percentage | Levy Rate<br>(higher skilled / basic skilled) |
| S Pass<br>Quota: 18%       | Basic / Tier 1 | ≤ 10%      | \$330   |
|                            | Basic / Tier 1 | ≤ 10%      | \$300 / \$450                                 |
| Work Permits<br>Quota: 35% | Tier 2         | > 10 ≤ 25% | \$400 / \$600                                 |
|                            | Tier 3         | > 25 ≤ 35% | \$600 / \$800                                 |

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Workforce for his **factory**:

- ✓ 20 LQS count
- ✓ 7 S Passes
- ✓ 5 Malaysian higher-skilled WP holders
- ✓ 2 Malaysian basic-skilled WP holders
- ✓ 10 PRC basic-skilled WP holders

Total workforce = 44

### Step 5: Calculate the no. of FWs under each tier

$$T_1 = 25\% \times \text{total workforce [44]} = 11$$

$$T_2 = (50\% \times \text{total workforce [44]}) - T_1 [11] = 11$$

$$T_3 = \text{No. of FWs [24]} - T_1 [11] - T_2 [11] = 2$$

| Manufacturing              |                |            |   |
|----------------------------|----------------|------------|---|
| Pass Types                 | Tiers          | Percentage | Levy Rate<br>(higher skilled / basic skilled) |
| S Pass<br>Quota: 20%       | Basic / Tier 1 | ≤ 10%      | \$330   |
|                            | Tier 2         | > 10 ≤ 20% | \$650   |
| Work Permits<br>Quota: 60% | Basic/ Tier 1  | ≤ 25%      | \$250 / \$370                                 |
|                            | Tier 2         | > 25 ≤ 50% | \$350 / \$470                                 |
|                            | Tier 3         | > 50 ≤ 60% | \$550 / \$650                                 |

### Steps 6: Calculate levy bill

$$T_1 = 11 = 7 \text{ S Passes } (\$330 \times 4) + (\$650 \times 3) + 4 \text{ Malaysian higher-skilled WP } (\$250 \times 4) = \$4,270$$

$$T_2 = 11 = 1 \text{ Malaysian high-skilled WP } (\$350) + 2 \text{ Malaysian basic-skilled WPs } (\$470 \times 2) + 8 \text{ PRC basic-skilled WPs } (\$470 \times 8) = \$5,050$$

$$T_3 = 2 = 2 \text{ PRC basic-skilled WPs } (\$650 \times 2) = \$1,300$$

$$\text{Factory's levy bill for the month} = \$4,270 + \$5,050 + \$1,300 = \$10,620$$

Total levy bill for  
Mr Tan's café and factory  
= \$1,300 + \$10,620 =

**\$11,920**