Catalog

ACHI BIZ SERVICES PTE. LTD. is glad to share some useful links for Budget 2022 announcements impacting the HR policies.

The recent 2022 Budget Statement delivered by Finance Minister Lawrence Wong on 18 February 2022, contained announcements impacting the Human Resource / Employment, below is a summary of key updates:

1 Improving complementarity of our foreign workforce

Updates to foreign workforce policies are as follows:

- **Establish a benchmark for quality of Employment Pass holders, and increase qualifying salary to achieve this benchmark**
- **Set a benchmark for quality of S Pass holders, and increase qualifying salary and levies to achieve this benchmark**
- **Reduce Dependency Ratio Ceiling and replace the current Man-Year Entitlement framework with a new levy framework (for Construction and Process Sectors only)**

To find out more, please refer to the following links or annexes:

- **Budget Annex**
- **Press Release on work permit moves for the Construction and Process sectors**
- **FAQs**

2 Strengthening support for employers to uplift lower-wage workers

Over the next two years, lower-wage workers will be uplifted by:

- **Extending the Progressive Wage Model to new sectors and occupations**
- **Requiring companies employing foreign workers to pay all their local employees at least the Local Qualifying Salary**
- **Enhancing the Workfare Income Supplement scheme**

The Progressive Wage Credit Scheme (PWCS) will be introduced to provide transitional support for employers in implementing these Progressive Wage moves. Under the PWCS, the Government will co-fund the wage increases of lower-wage workers between 2022 and 2026.

More details can be found here.

3	**Boosting retirement adequacy of Singaporeans.** **The changes are:** • **The retirement adequacy of Singaporeans, especially for senior workers who are preparing for retirement, will be enhanced by continuing to increase the employer and employee CPF contribution rates for those aged 55 to 70.** • **Next increase in senior worker CPF contribution rates will take place on 1 January 2023. The Government will provide a one-year CPF Transition Offset to support employers.** • **CPF Basic Retirement Sum will be adjusted to provide members with higher monthly CPF payouts in their retirement years (i.e. close to $1,000 per month when members turn 65)** **There is no requirement for members to top up their CPF if they are unable to set aside their BRS. There are also no changes to CPF withdrawal rules. Click here for more details.**

ANNEX C-4: FOREIGN WORKFORCE POLICIES

(I) Employment Pass (EP)

Changes in Minimum Qualifying Salary

The Government will ensure that EP holders are comparable in quality to the top one-third of our local Professionals, Managers, Executives, and Technicians (PMET) workforce. Therefore, the EP minimum qualifying salary will be raised from $4,500 to $5,000. The Financial Services sector will continue to have a higher EP minimum qualifying salary, which will be raised from $5,000 to $5,500.

These changes will apply to new EP applications from 1 September 2022, and to renewal applications from 1 September 2023.

Table 1: Revised EP qualifying salaries

Sector(s)	Revised minimum qualifying salary
All sectors, except for Financial Services	$5,000 (increases up to $10,500 for a candidate in mid-40s)
Financial Services sector	$5,500 (increases up to $11,500 for a candidate in mid-40s)

(II) S Pass

Changes in Minimum Qualifying Salaries

The Government will ensure that S Pass holders are comparable in quality to the top one-third of our local Associate Professionals and Technicians (APT) workforce. Therefore, the S Pass minimum qualifying salary will be raised in phases, with the first step on 1 September 2022 for new applications, and subsequently on 1 September 2023 and 1 September 2025. A higher S Pass qualifying salary for the Financial Services sector will also be introduced on 1 September 2022 for new applications.

These changes will apply to renewal applications one year later (e.g. the increase for new applications from 1 September 2022 will only affect renewals from 1 September 2023 onwards).

Table 2: Revised S Pass qualifying salaries

Sector(s)	Revised minimum qualifying salary for new applications		
	1 Sep 2022	1 Sep 2023	1 Sep 2025
All sectors, except for Financial Services	$3,000 (increases up to $4,500 for a candidate in mid-40s)	At least $3,150*	At least $3,300*
Financial Services sector	$3,500 (increases up to $5,500 for a candidate in mid-40s)	At least $3,650*	At least $3,800*

Notes:

1. *The finalised values will be announced closer to the implementation date based on prevailing local APT wages at the time.

Changes in Foreign Worker Levy (FWL) Rates

The Tier 1 S Pass FWL rate will be progressively raised from $330 to $650 by 2025.

Table 3: Current and new FWL rates for S Pass

(i) Current S Pass FWL rates:

Tier	Dependency Ratio Ceiling (DRC)	Levy Rates
Tier 1	≤ 10%	$330
Tier 2	>10%*	$650

(ii) New S Pass FWL rates:

Tier	DRC	New Levy Rates		
		From 1 Sep 2022	From 1 Sep 2023	From 1 Sep 2025
Tier 1	≤ 10%	$450	$550	$650
Tier 2	>10%*	$650		

Notes

1. *The S Pass sub-DRC is 18% in Manufacturing, Construction, Marine Shipyard, and Process; and 10% in Services sector.

(III) Work Permit Holders in Construction and Process Sectors

FWL Rates

From 1 January 2024, the FWL rates for Work Permit holders (WPHs) in the Construction and Process sectors will be adjusted. The Man-Year Entitlement (MYE) framework in both sectors will also be dismantled.

Table 4a: Current and new FWL rates for Construction sector WPHs

(i) Current Construction FWL rates:

Skills level	Non-Traditional Sources and PRC		Malaysia, North Asian Sources	Off-site
	MYE Waiver	MYE		
Higher-Skilled (R1)	$600	$300	$300	$300
Basic-Skilled (R2)	$950	$700	$700	$700

(ii) New Construction FWL rates from 2024:

Skills level	Non-Traditional Sources	Malaysia, North Asian Sources, PRC	Off-site
Higher-Skilled (R1)	$500	$300	$250
Basic-Skilled (R2)	$900	$700	$370

Table 4b: Current and new FWL rates for Process sector WPHs

(i) Current Process FWL rates:

Skills level	Non-Traditional Sources and PRC		Malaysia, North Asian Sources
	MYE Waiver	MYE	
Higher-Skilled (R1)	$600	$300	$300
Basic-Skilled (R2)	$750	$450	$450

(ii) New Process FWL rates from 2024:

Skills level	Non-Traditional Sources	Malaysia, North Asian Sources, PRC
Higher-Skilled (R1)	$300	$200
Basic-Skilled (R2)	$650	$450

Notes

1. North Asian Sources refer to Hong Kong, Macau, South Korea, and Taiwan. Non-Traditional Sources refer to Bangladesh, India, Myanmar, Philippines, Sri Lanka, and Thailand.

Reduction in Dependency Ratio Ceiling (DRC)

The DRC will be reduced[1] for the Construction and Process sectors from 1 January 2024.

Table 5: Current and new DRC for Construction and Process Sectors

Sector	Current	Changes
Construction	87.5%	To be reduced to 83.3% from 1 January 2024.
Process	87.5%	To be reduced to 83.3% from 1 January 2024.

MORE INFORMATION

For more information, please visit https://www.mom.gov.sg, or contact the MOM hotline at 6438 5122.

[1] When a DRC or a sub-DRC cut is implemented, firms that have exceeded the revised DRC or sub-DRC will not be able to renew work passes of foreign workers or hire new foreign workers. However, for the foreign workers above the DRC/sub-DRC limits, firms can retain them until their work passes expire to avoid disrupting existing operations.

Supporting Industry Transformation In The Construction and Process Sectors

18 February 2022 | Work passes and permits | Employment practices | Foreign manpower

The Construction and Process sectors are key drivers of Singapore's economy. The Government has been working closely with the industry to drive business and workforce transformation. These sectors have been impacted by the COVID-19 pandemic, as their heavy reliance on foreign workers resulted in significant manpower challenges, with the restrictions on cross-border travel.

2 The Government has provided significant assistance to support the Construction and Process sectors during the COVID-19 pandemic. For example, foreign worker levy rebates of $250 per Work Permit holder (WPH) in these sectors have been provided for firms to cope with elevated manpower costs due to the tight worker inflow situation. The Government will also be helping firms address their acute worker shortages in the immediate term by ramping up the inflow of new workers and the return of existing workers.

3 However, the significant and repeated disruptions to manpower inflows for the Construction and Process sectors over the past two years of the pandemic reaffirm the need for the sectors to press on with productivity improvements to become more manpower-lean. This will make our Construction and Process firms more resilient against future disruptions.

4 The Government has been working with the industry for some time to help it become more productive and manpower lean. We have previously mentioned that we are studying a reduction in the Dependency Ratio Ceiling (DRC) and removal of the Man-Year Entitlement (MYE) framework. To this end, the Ministry of Manpower (MOM), Building and Construction Authority (BCA), Economic Development Board (EDB) and Enterprise Singapore (ESG) will make the following policy changes for the Construction and Process sectors, to support this transformation and incentivise firms to hire higher-skilled foreign workers:

a. Reduce the DRC from 1:7 (i.e. 1 local employee to 7 WPH or S Pass holders) to 1:5 (i.e. 1 local employee to 5 WPHs or S Pass holders);

b. Phase out the MYE framework[1] ;

c. Revise the levy structure for WPHs (refer to Annex for new levy structure).

5 Firms will be given time to adjust. These changes will take effect from 1 Jan 2024. In addition, firms that exceed the DRC of 1:5 on 1 Jan 2024 will be allowed to retain their incumbent WPHs and S Pass holders until the work passes expire. However, these firms will not be able to renew, or apply for new WPHs or S Pass holders, until they bring their firm's workforce within the DRC of 1:5.

6 Firms can continue to apply for and use their MYE quotas up to 31 Dec 2023. Project contracts that have already been awarded or had tender calling date on or before 18 Feb 2022 will be allowed to use their MYE quotas up to 31 Dec 2024 or their project completion date, whichever is earlier.

Support to help firms transform and hire locals

7 Firms in the Construction and Process sectors are encouraged to tap on various Government initiatives to transform their businesses and hire locals. The aims and details of such initiatives include:

a. *Supporting business transformation*

• Enterprise Development Grant (EDG), which provides customised support to help firms upgrade their business capabilities, innovate or venture overseas.

• Productivity Solutions Grant (PSG), which provides co-funding (capped at $30,000) to support costs of adopting pre-approved digital solutions for local Small and Medium Enterprises (SMEs).

• Productivity Innovation Project (PIP), which provides up to 70% co-funding for the costs of adopting technologies such as Design for Manufacturing & Assembly (DfMA) and Integrated Digital Delivery (IDD) in the Construction sector.

b. *Helping firms build up the local talent pipeline*

• Career Conversion Programmes (CCP), which offer up to 90% funding support for salary and training costs for firms to hire mid-career jobseekers and equip them with the necessary skills to take on jobs.

• Jobs Growth Incentive (JGI), which provides salary support for firms looking to hire new local mature workers who have not been employed for at least six months, persons with disabilities, and ex-offenders.

• iBuildSG Scholarship and Sponsorship Programme, which offers scholarships/sponsorships jointly with firms in the Construction sector to high-calibre students intending to pursue Built Environment courses at Institutes of Higher Learning.

8 The Government will continue to collaborate with the Construction and Process sectors to achieve their transformation objectives, including building up long-term capabilities to improve productivity and enhance their manpower resilience.

[1] The MYE framework is an allocation system for WPHs from Non-Traditional Sources (NTS) (Bangladesh, India, Myanmar, Philippines, Sri Lanka and Thailand) and the People's Republic of China (PRC). The MYE quota allocated to each project depends on the project type and the contract value. Firms that hire NTS or PRC WPHs above their allocated MYE quotas will need to pay a higher levy rate (on the MYE-waiver tier).

The In-Principle Support (IPS) is an allocation system for Process maintenance NTS and PRC WPHs, and will also be phased out from 1 Jan 2024.

Annex

Revised Levy Structure for Construction and Process Sectors from 1 Jan 2024

The new levy structure aims to support firms that adopt more productive technologies such as Design for Manufacturing & Assembly (DfMA), by lowering the levy rates for off-site construction. Higher-skilled (or "R1") workers will continue to be subject to lower levy rates to encourage firms to employ skilled and productive Work Permit holders (WPH). The new levy rates will also encourage firms to diversify their WPH workforce by hiring workers from Malaysia, the People's Republic of China (PRC) and North Asian Sources (NAS)[2], which will be subjected to lower levy rates than Non-Traditional Sources (NTS) workers[3].

__Table 1:__ Current and new levy rates for **Construction sector WPHs**

i. Today's Construction levy rates for WPHs:

Skills level	NTS and PRC		Malaysia, NAS[2]	Off-site Construction
	MYE Waiver	MYE		
Higher-skilled (R1)	$600	$300	$300	$300
Basic-skilled (R2)	$950	$700	$700	$700

ii. New Construction levy rates for WPHs from 1 Jan 2024:

Skills level	NTS	Malaysia, NAS, PRC	Off-site Construction[4]
Higher-skilled (R1)	$500	$300	$250
Basic-skilled (R2)	$900	$700	$370

__Table 2:__ Current and new levy rates for **Process sector WPHs**

i. Today's Process levy rates for WPHs:

Skills level	NTS and PRC		Malaysia, NAS
	MYE Waiver	MYE	

Higher-skilled (R1)	$600	$300	$300
Basic-skilled (R2)	$750	$450	$450

i. New Process levy rates for WPHs from 1 Jan 2024:

Skills level	NTS	Malaysia, NAS, PRC
Higher-skilled (R1)	$300	$200
Basic-skilled (R2)	$650	$450

[2] North Asian Sources (NAS): Hong Kong, Macau, South Korea and Taiwan.

[3] Non-Traditional Sources (NTS): Bangladesh, India, Myanmar, Philippines, Sri Lanka and Thailand.

[4] BCA will announce the eligible DfMA facilities closer to 2024. For more information on BCA's current Off-site Construction special scheme, refer to https://gov.gov.sg/bca-ocss

Frequently Asked Questions

1. **How would firms know if the Dependency Ratio Ceiling (DRC) cut will affect them?**
   Firms will be affected by the DRC cuts from 1 Jan 2024 if they belong to the Construction or Process sector and the share of Work Permit holders (WPH) and S Pass holders in their workforce exceeds the DRC of 1:5 (which is 83.3%).

   For example, if a Construction or Process firm has a workforce of 100 – where workforce refers to the sum of the local workforce, WPHs and S Pass holders – only up to 83 employees can be WPHs and S Pass holders. If the firm exceeds the limit, they will not be allowed to hire or renew more WPHs or S Pass holders, and they will have to hire more locals to qualify for a higher foreign worker quota.

   Firms can check their quota balance for S Pass and WPHs on MOM's website. An updated foreign worker quota calculator will be available on MOM's website closer to 2024.

2. **Can firms continue to keep their excess WPHs and S Pass holders if they exceed the new DRC of 1:5 after 1 Jan 2024?**
   To minimise business disruptions, firms exceeding the new DRC on 1 Jan 2024 will be allowed to retain their incumbent WPHs and S Pass holders until the work passes expire – so long as they remain within the previous DRC of 1:7 (which is 87.5%).

   However, these firm will not be able to renew, or apply for new WPHs and S Pass holders, until they bring their firm's workforce within the new DRC of 1:5. Firms are encouraged to plan ahead and start making preparations.

3. **What does the dismantling of the Man-Year Entitlement (MYE) framework entail?**
   From 1 Jan 2024, main contractors will no longer need to apply for MYE to hire Non-Traditional Sources (NTS) or People's Republic of China (PRC) workers based on the value of their projects or contracts awarded. There will also no longer be MYE and MYE-waiver levy rates. Instead, all Construction and Process WPHs will be subject to the new levy rates from 1 Jan 2024. This is in response to industry feedback for a simplified levy framework and will also make the process to hire NTS and PRC WPHs easier for the industry.

   Firms can continue to apply for and use their MYEs up to 31 Dec 2023. Project contracts that have already been awarded or had tender calling date on or before 18 Feb 2022 will be allowed to use their MYE quotas up to 31 Dec 2024 or their project completion date, whichever is earlier.

4. **Will the new levy rates apply to all WPHs from 1 Jan 2024, or only to the new WPHs that are employed after that date?**

   The new levy rates will apply to all WPHs from 1 Jan 2024. This includes all existing WPHs and WPHs employed after 1 Jan 2024. Firms can continue to apply for and use their MYEs up to 31 Dec 2023.

5. **How will my existing MYEs be affected? What will happen to the MYEs that have already been allocated to my project before this announcement?**

   For ongoing projects as of 18 Feb 2022 (including projects awarded or with tender calling date on or before 18 Feb 2022)[1] , they may not be able to factor in the levy changes into their contracts. These projects will be given a longer period to use up their MYEs, up to 31 Dec 2024 or their project completion date, whichever is earlier. Their WPHs will be subjected to the new levy rates from 1 Jan 2025 onwards.

For all other projects (i.e. projects awarded after 18 Feb 2022[2]), their MYEs will expire on 31 Dec 2023.

Firms are encouraged to plan ahead and use up their remaining MYE quota prior to expiry.

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1 This also includes In-Principle Support given on or before 18 Feb 2022.

2 This includes projects with tender calling dates after 18 Feb 2022, as well as projects without a tender process.

MINISTRY OF MANPOWER

Frequently Asked Questions for
Budget 2022 Announcements on Employment Pass and S Pass moves

The Budget Statement 2022 outlined foreign workforce policy moves at the Employment Pass (EP) and S Pass level to strengthen the complementarity between our local and foreign workforce. Details of these moves can be found at here.

On EP and S Pass Policy Changes

Q1: What are the key changes to the EP and S Pass framework?
• Going forward, MOM will aim to ensure that EP and S Pass holders are comparable in quality to the top one-third of our local PMET and APT workforce[1] respectively. • The EP qualifying salary will therefore be benchmarked to the top one-third of local PMET wages. • The cost of hiring an S Pass holder (which includes both the qualifying salary and levy) will be benchmarked to the top one-third of local APT wages. • This ensures that EP and S Pass holders are hired because they fill skills gaps, and not simply because they are cheaper than locals. • The setting of this clear benchmark will provide employers with greater predictability on how EP qualifying salaries, and S Pass qualifying salaries and levies, will be adjusted over time.
Q2: Why is MOM making these changes now?
• The revisions to the EP and S Pass criteria are part of MOM's regular updates to ensure they keep pace with local wage growth. • In addition, the announcement of a clear benchmark is timely to provide businesses clarity for manpower planning, as they undertake crucial shifts to emerge stronger post-COVID.
Q3: How can I find out what the qualifying salary will be for my EP/S Pass candidate?
• Employers can use the Self-Assessment Tool (SAT) on the MOM website to assess if their candidate is eligible for an EP or S Pass. • The SAT will be updated by August 2022 to incorporate changes that are taking effect for new EP and S Pass applications from 1 September 2022. • The SAT will also be updated to provide guidance to firms in the Financial Services sector, which are subject to a higher EP qualifying salary.

[1] PMET refers to Professionals, Managers, Executives and Technicians. APT refers to Associate Professionals and Technicians.

MINISTRY OF MANPOWER

Q4: What does it mean by “the changes will apply to new applications from 1 September 2022 and to renewals from 1 September 2023”?
• New EP/S Pass applications that are **<u>submitted</u>** to MOM from 1 September 2022 onwards will be subject to the new EP/S Pass qualifying salary. • For renewal applications, existing EP/S Pass holders whose passes are **<u>expiring</u>** from 1 September 2023 will be subject to the new EP/S Pass qualifying salary.
Q5: Will businesses have greater clarity on upcoming changes to the EP/S Pass qualifying salary?
• With the setting of clear benchmarks for EP and S Pass holders, businesses can expect regular updates to the EP and S Pass qualifying salaries based on local PMET and APT wage trends. • MOM will regularly review the EP and S Pass qualifying salaries and announce any changes to the qualifying salaries, taking into account prevailing economic conditions.
Q6: What should businesses do if their existing EP/S Pass holders are unable to meet the updated qualifying salary in the future?
• Businesses may consider reviewing the salaries for their workforce, since the EP/S Pass qualifying salaries are benchmarked to local salaries. Businesses should do this fairly and ensure that they have merit-based pay practices, in line with the Tripartite Guidelines on Fair Employment Practices (TGFEP). • Businesses may also consider if workforce adjustments are necessary. For example, businesses can apply for a more appropriate work pass type for foreign employees who are unable to meet the updated qualifying salary. When replacing workers who have resigned, businesses should consider local candidates or higher-calibre EP/S Pass holders.
Q7: What support is available to help businesses transform and remain competitive, and maintain their access to skilled labour?
• The Government is committed to providing a strong package of support to businesses to help them transform and build up a strong Singaporean core complemented by a diverse foreign workforce. • Businesses can consider leveraging the following support to do so: o **Career Conversion Programmes (CCP)** provide training and salary support to employers to help them hire and reskill mid-career jobseekers. You can find out more on WSG’s website. o **SGUnited Mid-Career Pathways – Company Attachments programme** provides training allowance support to host organisations able to offer full-time

attachment opportunities of between four to six months to mature individuals. You can find out more on WSG's website.

  - The **Jobs Growth Incentive (JGI)** has been extended to September 2022 to support businesses in expanding hiring of mature workers who have not been employed for at least six months, persons with disabilities, and ex-offenders. Wage support will be provided to eligible employers. You can find out more on IRAS's website.

  - The **Support for Job Redesign under Productivity Solutions Grant (PSG-JR)** provides enterprises with funding support for job redesign consultancy services. Job redesign can support business transformation and make jobs more productive and attractive for workers, while allowing businesses to hire and retain good workers to support the business. You can find out more on WSG's website.

  - **Enterprise Development Grant (EDG)** to adopt technology and innovate for business transformation. You can find out more on ESG's website.

- Businesses who need advice or support can work with the relevant trade association or chamber, union, or sector agency.

Further Questions on EP Policy Changes

Q8: What other refinements will MOM be making to how EP applications are assessed? Will MOM consider other factors beyond salary?

- As shared in the Budget 2022 Statement, MOM 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.

- More details will be released at MOM's COS 2022.

Further Questions on S Pass Changes

Q9: Why is there a higher S Pass qualifying salary introduced for the Financial Services sector?

- MOM introduced a higher EP qualifying salary for the Financial Services sector in 2020, as salaries in the sector have been consistently higher than other sectors.

- Similarly, MOM will introduce a higher S Pass qualifying salary for the Financial Services sector going forward, to take into account the higher wage norms in the sector.

Q10: Why are the S Pass qualifying salary and levies being raised multiple times over the next few years?

- As there is a larger adjustment for the S Pass compared to that for EP, MOM is phasing in the changes over three steps to allow businesses reasonable time to make adjustments.

Q11: When will the finalised S Pass qualifying salary values for the moves in September 2023 and September 2025 be announced?
• In line with the benchmark that has been announced, the S Pass qualifying salary in 2023 and 2025 will depend on prevailing local APT wages. • Based on current local APT wage levels, companies should expect the economy-wide S Pass minimum qualifying salary to rise to at least $3,150 in September 2023, and to at least $3,300 in September 2025. With continued wage growth in line with economic growth, the eventual qualifying salaries are expected to be higher than these numbers.

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ANNEX E-1: UPLIFTING LOWER-WAGE WORKERS

The enhancements to Progressive Wages, which include the expanded coverage to new sectors and occupations and the new Local Qualifying Salary requirement, as well as the enhancements to the Workfare Income Supplement scheme, will further uplift lower-wage workers in the years ahead.

To provide transitional support for employers in implementing the Progressive Wage moves, the Government will introduce the Progressive Wage Credit Scheme ("PWCS").

PWCS and enhanced Workfare are expected to cost the Government around $9 billion in total over the next five years.

(A) Uplifting Lower-Wage Workers

A-1: Progressive Wage Credit Scheme

PWCS provides transitional support to employers by co-funding wage increases of lower-wage workers between 2022 and 2026. Employers do not need to apply. The Inland Revenue Authority of Singapore ("IRAS") will credit payouts for employers that have implemented eligible wage increases into their accounts by the first quarter of the year following the wage increases.

The PWCS has the following features:

a) **Targeted at resident lower-wage employees with gross monthly wages of up to $2,500.** This support will be provided from 2022 to 2026. The qualifying wage ceiling of $2,500 is aligned to that for the enhanced Workfare Income Supplement scheme (see Section A-2 below).

b) **Additional tier of support for employees with gross monthly wages above $2,500 and up to $3,000.** In view of the uncertain economic conditions in the immediate term, the Government will provide some support for the wage increases of employees earning above $2,500 and up to $3,000 who marginally miss the first wage tier. This additional support will be provided from 2022 to 2024.

c) **Average gross monthly wage increase must be at least $100 to be eligible for the PWCS payout in each qualifying year.**

d) **Co-fund wage increases in each qualifying year for two years.** For example, a 2022 wage increase will be supported in qualifying year 2022, and also in 2023 if sustained. The approach helps employers manage the compounding effect of wage increases year on year.

Table 1 shows the Government co-funding levels.

Table 1: Government Co-Funding Levels

Qualifying Year	Payout Period	First Tier	Second Tier
		Gross Monthly Wage Ceiling ≤ $2,500	Gross Monthly Wage Ceiling > $2,500 and ≤ $3,000
2022	Q1 2023	50%	30%
2023	Q1 2024	50%	30%
2024	Q1 2025	30%	15%
2025	Q1 2026	30%	-
2026	Q1 2027	15%	-

See Section B for illustration of payouts under PWCS.

A-2: Enhancements to the Workfare Income Supplement Scheme

The Government will enhance the Workfare Income Supplement scheme to supplement the incomes and CPF savings of lower-wage Singaporean workers, and encourage them to work regularly. Workfare is paid directly to eligible workers.

These changes will apply to work done from 1 January 2023. We expect the enhanced Workfare to benefit more than half a million Singaporeans, up from 460,000 today. Employees do not need to apply for Workfare, as eligibility will be automatically assessed based on employers' CPF contributions. Self-employed persons will have to declare their income, and make the required MediSave contributions to receive Workfare payouts.

Changes to Workfare Income Supplement Scheme

a) **Qualifying monthly income cap raised from $2,300 to $2,500.[1]** This takes into account income growth of Singaporeans.

b) **Extension of Workfare to those aged 30-34.** The payouts will help them better cope with their expenses and start saving early for their retirement.

c) **Higher annual Workfare payouts of up to $4,200.** Payouts depend on age and income, and have been enhanced across all age bands. Eligible employees can receive up to $4,200 per year in payouts, compared to $4,000 per year today. Older workers will continue to receive the highest payouts. The payouts for self-employed persons are set at two-thirds of employee payouts and will be correspondingly increased.

d) **All persons with disabilities will qualify for the highest Workfare payout tier (up to $4,200), regardless of age.**

e) **Minimum qualifying monthly income criterion of $500.** To encourage regular employment, Singaporean workers will need to earn at least $500 per month to qualify for Workfare.

The payout changes outlined above are summarised in Table 2.

[1] In addition, one must earn an average gross monthly income of not more than $2,500 in the past 12 months.

Table 2: Maximum Annual Workfare Payout for Employees*

Age Band	Before Enhancement (For Work Done from 1 Jan 2020)	After Enhancement (For Work Done from 1 Jan 2023)
30-34 (new tier)	-	$2,100
35-44	$1,700	$3,000
45-54	$2,500	$3,600
55-59	$3,300	
60 & above	$4,000	$4,200
All persons with disabilities	Varies by age	$4,200

*The payouts depend on actual incomes. The payouts for self-employed persons are set at two-thirds of employee payouts.

More information

Scheme	Contact Details
Progressive Wage Credit Scheme	Website: go.gov.sg/pwcs FormSG link: go.gov.sg/askpwcs Helpline: 6351 3390
Workfare Income Supplement	Please contact the CPF Board for more information at www.cpf.gov.sg/member/contact-us

(B) Illustrations of Support

B-1 Employee who earned $1,800 per month in 2021, and experiences average gross monthly wage increase of $100 in January of each year

	2021	2022	2023	2024	2025	2026
Average Gross Monthly Wage	$1,800	$1,900	$2,000	$2,100	$2,200	$2,300
First Tier (Gross Monthly Wage Ceiling ≤ $2,500)						
PWCS Co-Funding Level	-	50%	50%	30%	30%	15%
Wage Increase Eligible for PWCS Co-Funding	-	$100 *($1,900 - $1,800)*	$200 *For 2023 = <u>$100</u> ($2,000 - $1,900)* *For 2022 = <u>$100</u>*	$200 *For 2024 = <u>$100</u> ($2,100 - $2,000)* *For 2023 = <u>$100</u>*	$200 *For 2025 = <u>$100</u> ($2,200 - $2,100)* *For 2024 = <u>$100</u>*	$200 *For 2026 = <u>$100</u> ($2,300 - $2,200)* *For 2025 = <u>$100</u>*
PWCS Co-Funding	-	**$50** *(50% * $100)*	**$100** *For 2023 = <u>$50</u> (50% * $100)* *For 2022 = <u>$50</u> (50% * $100)*	**$60** *For 2024 = <u>$30</u> (30% * $100)* *For 2023 = <u>$30</u> (30% * $100)*	**$60** *For 2025 = <u>$30</u> (30% * $100)* *For 2024 = <u>$30</u> (30% * $100)*	**$30** *For 2026 = <u>$15</u> (15% * $100)* *For 2025 = <u>$15</u> (15% * $100)*
Second Tier (Gross Monthly Wage Ceiling > $2,500 and ≤ $3,000)						
N.A.						
PWCS Co-Funding Per Month	-	**$50**	**$100**	**$60**	**$60**	**$30**
Total PWCS Payout in the year	-	**$600** *($50 * 12)*	**$1,200** *($100 * 12)*	**$720** *($60 * 12)*	**$720** *($60 * 12)*	**$360** *($30 * 12)*

Notes:
[1] As PWCS is effective from 2022, wage increases in 2021 (i.e. increases in 2021 from the 2020 wage) will not be supported by PWCS.
[2] Calculation of total PWCS payout in the year assumes that employer makes 12 months of CPF contributions for each qualifying year.

B-2 Employee who earned $2,200 per month in 2021, and experiences average gross monthly wage increase of $200 in January of each year

	2021	2022	2023	2024	2025	2026
Average Gross Monthly Wage	$2,200	$2,400	$2,600	$2,800	$3,000	$3,200
First Tier (Gross Monthly Wage Ceiling ≤ $2,500)						
PWCS Co-Funding Level	-	50%	50%	30%	30%	15%
Wage Increase Eligible for PWCS Co-Funding	-	$200 *($2,400 - $2,200)*	$300 *For 2023 = <u>$100</u>* *($2,500 - $2,400)* *For 2022 = <u>$200</u>*	$100 *For 2023 = <u>$100</u>*	-	-
PWCS Co-Funding	-	**$100** *(50% * $200)*	**$150** *For 2023= <u>$50</u>* *(50% * $100)* *For 2022 = <u>$100</u>* *(50% * $200)*	**$30** *For 2023 = <u>$30</u>* *(30% * $100)*	-	-
Second Tier (Gross Monthly Wage Ceiling > $2,500 and ≤ $3,000)						
PWCS Co-Funding Level	-	30%	30%	15%	-	-
Wage Increase Eligible for PWCS Co-Funding	-	-	$100 *For 2023 = <u>$100</u>* *($2,600 - $2,500)*	$300 *For 2024 = <u>$200</u>* *($2,800 - $2,600)* *For 2023 = <u>$100</u>*	-	-
PWCS Co-Funding	-	-	**$30** *For 2023 = <u>$30</u>* *(30% * $100)*	**$45** *For 2024 = <u>$30</u>* *(15% * 200)* *For 2023 = <u>$15</u>* *(15% * $100)*	-	-
PWCS Co-Funding Per Month	-	**$100**	**$180**	**$75**	-	-
Total PWCS Payout in the year	-	**$1,200** *($100 * 12)*	**$2,160** *($180 * 12)*	**$900** *($75 * 12)*	-	-

Notes:
[1] As PWCS is effective from 2022, wage increases in 2021 (i.e. increases in 2021 from the 2020 wage) will not be supported by PWCS.
[2] Calculation of total PWCS payout in the year assumes that employer makes 12 months of CPF contributions for each qualifying year.

B-3 Employee who earned $4,000 per month in 2021, and experiences average gross monthly wage increase of $100 in January of each year

PWCS will not co-fund the wage increases of this employee, as the employee is earning above the wage threshold of $3,000.

Enhancements to Workfare

Introduced in 2007, the Workfare Income Supplement Scheme

- **Boosts the income of lower-wage workers**
- **Encourages them to work regularly**
- **Helps them save more for retirement**

Enhancements from Work Year 2023

Higher payouts

Higher annual Workfare payouts of up to $4,200.

Higher income cap

Workers earning up to $2,500/month can qualify, up from $2,300/month.

More younger workers to benefit

Workfare will be extended to younger lower-wage workers aged 30 to 34.

Stronger support for persons with disabilities (PWDs)

All PWDs will qualify for the highest payout tier, regardless of age.

Maximum Annual Payout

Age Band	If you are employed	If you are self-employed
30 – 34	$2,100	$1,400
35 – 44	$3,000	$2,000
45 – 59	$3,600	$2,400
60 & above	$4,200	$2,800
All PWDs	$4,200	$2,800

What do I need to do to receive Workfare?

Earn at least $500/month from 2023

If you are employed

You will be **automatically assessed** based on the CPF contributions from your employer.

If you are self-employed

You will be assessed for Workfare after you **declare your income** for work done in the previous year, and **make the required MediSave contributions**.

workfare.gov.sg

Or scan here for the qualifying criteria for Workfare

Workfare

MINISTRY OF MANPOWER