

WORKING IN SINGAPORE

Chapter
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According to the IMD World Competitiveness Yearbook 2006, Singapore ranks fourth for having least restrictive immigration laws for employing foreign labour. As long as you possess the skills, experience and qualifications, and are interested in being part of the exciting developments in Singapore's healthcare system, there will be a work pass that is suitable for your needs.

To facilitate your search for a job, you may apply for an Employment Pass Eligibility Certificate (EPEC) that will allow you to stay in Singapore for up to 1 year, as long as you have graduated from a university recognized by the Ministry of Manpower (MOM)⁴. The list of universities recognized by MOM for the EPEC can be found on their website at:

http://www.mom.gov.sg/publish/momportal/en/communities/work_pass/other_passes/Employment_Pass_Eligibility_Certificate/Selected_Institutions_List.html. The EPEC application which is to be submitted online typically takes 7 working days for it to be processed.

If you have already secured a job offer before entering Singapore, then you will be required to apply for a work pass, which is administered by the Ministry of Manpower (MOM). There are different types of work passes, each designed for applicants with different qualifications and experiences.

Types of Work Pass	Appropriate for
Employment Pass (EP) P & Q Pass	<p>Foreign professionals, managers, executives and specialists. Applicants will be assessed based on your salary, qualifications, work experience and nature of job, and other factors.</p> <p>There are three categories of Employment Pass: P1, P2 and Q Pass:</p> <ul style="list-style-type: none"> • P1 Pass - For applicants earning a fixed monthly salary of more than \$7,000. • P2 Pass - For applicants earning a fixed monthly salary of more than \$3,500 and up to \$7,000 and he/she possesses recognised qualifications. • Q Pass - For applicants earning a fixed monthly salary of more than \$2,500 and he/she possesses recognised qualifications.
S Pass	<p>Middle-level skilled applicants. S Pass applicants are assessed using a points system that takes into consideration your salary, qualifications, skills, work experience, and job type.</p> <p>S Pass applicants must be minimally paid a fixed monthly salary of \$1,800.</p>

Employment Pass (EP)

To check your eligibility for an Employment Pass (EP), you may wish to take the online Employment Assessment Self-Test that can be found on this website: <http://sat.mom.gov.sg/>. Generally, EPEC holders are likely to qualify for an EP upon securing employment here. EP holders will qualify for dependant privileges.

Your employers will be responsible for applying for your EP online. Online EP application would typically

⁴ Please note that possession of a degree from a university on the list or skilled migrant visa does not automatically guarantee the application to be successful as there are others factors that are taken into consideration for granting an EPEC.

take 2 weeks to process while the outcome for manual application would be known in 3 weeks. You will be required to present additional documents and information on request by the employers or MOM.

S Pass

The S Pass is for middle level skilled manpower e.g. technicians, and is assessed using a points system that takes into consideration your salary, qualifications, skills, work experience and job type. S Pass applicants must be minimally paid a fixed monthly salary of \$1,800. S Pass holders who are paid a fixed monthly salary of more than \$2,500 would qualify for dependant privileges.

Training Employment Pass

If you are here on a practical training programme for a professional, managerial, executive or specialist job, then you may apply for a Training Employment Pass. An undergraduate on a training attachment in Singapore that forms part of the his degree programme or company employee from their foreign office/ subsidiary coming to Singapore for professional/executive training can also apply for a Training Employment Pass. In addition, the trainee has to earn a monthly salary of at least \$2,500 and holds an acceptable tertiary or professional qualification.

It is crucial to the application that it is sponsored by a well-established Singapore company and must include a detailed training programme stating the objective, type, location and duration of training for the period applied.

Passes for Family Members or Dependents

Employment Pass holders can apply for the Dependant's Pass and/or Long-Term Social Visit Pass for their family members.

Dependant Privileges & Letter of Consent (LOC)

Dependants refer to the spouse, unmarried or legally adopted children under 21 years of age. EP holder and S Pass holders who earn a fixed monthly salary of more than \$2,500 are eligible to apply for dependant privileges.

Dependants of EP holders may take up employment provided they obtain a LOC from MOM. However, dependants of S Pass holders cannot apply for a LOC but may apply for a P/Q/S/R work pass, which will be assessed on their own merits.

Long Term Social Visit Pass (LTSVP)

The LTSVP is for parents, parents-in-law, step children, common law spouse, handicapped children and/or unmarried daughter above 21 years of age, of P1 and P2 Pass holders. These LTSVP holders may take up employment by applying for a P/Q/S/R work pass, which will be assessed on their own merits.

Work Holiday Pass

The Work Holiday Pass which is valid for 6 months, is opened to application by undergraduates and graduates (between 17 – 30 years old) from universities and equivalent institutions in Australia, France, Germany, Hong Kong, Japan, New Zealand, the United Kingdom and the United States. Students who have gained admission to the university but have not commenced their studies may also apply.

Central Provident Fund

All Singaporeans and Permanent Residents aged 21 and above are required to contribute to their Central Provident Fund (CPF) account. This is a comprehensive social security savings scheme where both employers and employees (known as CPF members) have to make monthly contributions from their salary into three accounts: Ordinary, Special, and Medisave.

The CPF savings will earn a minimum risk-free interest of 2.5% guaranteed by the Government. In 2008 and 2009, Special, Medisave and Retirement Account savings will earn a guaranteed minimum 4% interest. In addition, the first \$60,000 in the combined CPF balances, with up to \$20,000 from the Ordinary Account, will earn an extra 1% interest.

Members may draw on their CPF accounts for their financial needs in retirement, healthcare, home ownership, family protection and asset enhancement.

Property

The CPF Ordinary Account savings can be used to buy a Housing Development Board (HDB) flat or a private property under the CPF housing schemes. The CPF savings can be used for full or partial payment of the property, to service the monthly housing payments and to settle the legal cost, stamp duty and other related-cost incurred in connection with the purchase of the property.

Insurance and Investment

CPF members may use the ordinary account to pay for MediShield, which is a low-cost medical insurance giving a member and his family financial protection against the expenses of medical treatment in the event of prolonged or serious illnesses. CPF can also be used to purchase more comprehensive policies and riders to complement the basic MediShield, as well as Members can also purchase ElderShield which is an affordable severe disability insurance scheme which provides basic financial protection to those who need long term care.

The CPF ordinary account can also be used to pay for single premium or recurring single premium insurance policies, Dependents' Protection Scheme (DPS), and/or Home Protection Scheme (HPS).

To enhance retirement savings, a member can also invest his Ordinary and Special Accounts savings in approved investments under the CPF Investment Schemes.

Education

The Education Scheme helps CPF members pay for your children's or your own full-time local tertiary education at approved institutions.

For more details of how the CPF can be used, please visit this website:
<http://mycpf.cpf.gov.sg/Members/Gen-Info/Sch-Svc/S-and-S.htm>

Withdrawal of CPF Savings

CPF members can withdraw their savings at age 55, after a Minimum Sum in their Retirement Account is set aside. Members can also withdraw their CPF savings if they are permanently incapacitated or will leave Singapore and West Malaysia permanently. If members do return to Singapore, they must reimburse the CPF Board for the amount they had withdrawn with interest.

When a CPF member reaches 55 years old, he will need to set aside a Minimum Sum, using his savings in the Ordinary and Special Accounts, in the Retirement Account. After setting aside this Minimum Sum, the rest of the savings in the Ordinary and Special Accounts can be withdrawn in one lump sum.

The Minimum Sum monthly payout to a member begins when he reaches 65 years old. If a member has kept his Minimum Sum with a participating bank, he will receive a monthly income from the bank until the Minimum Sum is exhausted. On the other hand, if a member has bought a life annuity, he will get a monthly income for life from his insurance company.

Besides the Minimum Sum formed by the Special and Ordinary Account, a member can withdraw his saving from the Medisave Account at the age of 55 after setting aside a Medisave Minimum Sum of \$28,500 to cater to healthcare expenses that can be drawn from the account during his retirement years. This Medisave Minimum Sum is reviewed annually and is adjusted every July of the year.

Taxation System

Under our taxation system, non-Singapore Citizens or non-Permanent Residents, are liable to tax in Singapore on all income accrued in, or derived from Singapore. The extent of your tax liability will depend on your tax residency status. The Year of Assessment (YA), and corresponding tax calculations, is based on a calendar year, starting midnight on 1 January and ending midnight on 31 December.

If you stay or work in Singapore for at least 183 days in a calendar year, you will be regarded as a tax resident. The number of days in Singapore includes weekends and public holidays.

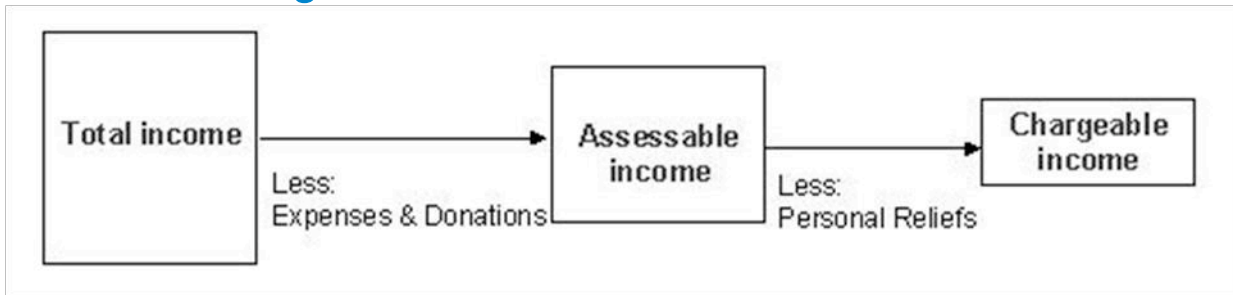
As a resident:

- You will be taxed on all income earned in Singapore and any overseas income that was brought into Singapore prior to 1 Jan 2004.
- Your income, after deduction of tax reliefs, will be taxed at progressive resident rates.
- Your foreign-sourced income (with the exception of those received through partnerships in Singapore) brought into Singapore on or after 1 Jan 2004 is tax exempt.

Resident tax rate is as shown below:

Chargeable Income	Rate (%)	Gross Tax Payable (\$)
First \$20,000	0	0
Next \$10,000	3.50	350
First \$30,000	-	350
Next \$10,000	5.50	550
First \$40,000	-	900
Next \$40,000	8.50	3,400
First \$80,000	-	4,300
Next \$80,000	14	11,200
First \$160,000	-	15,500
Next \$160,000	17	27,200
First \$320,000	-	42,700
Next \$320,000	20	

Calculation of Chargeable Income



For example:

If your chargeable income for YA 2007 is \$36,000 (i.e. you earned \$36,000 in year 2006), your tax payable would be calculated as below:

First \$30,000	\$350
Next \$6,000 at 5.5%	\$330
Total tax payable	\$680

To estimate your tax payable, you may wish to use the tax calculator on this website (http://www.iras.gov.sg/irasHome/uploadedFiles/Quick_Links/e-Tax_Guides/Individuals_and_employees/How-to-calculate-your-tax.xls).

Period of Assessment

If you are here for at least 183 days straddling 2 years, you will be regarded as a tax resident for two years if you stay or work in Singapore for a continuous period of at least 183 days. This concession applies to foreign employees (excludes directors of a company and public entertainers) who have entered Singapore from 1 Jan 2007 and are unable to qualify as tax residents under our tax residency rules, due to the start date of their employment.

For example:

You have stayed or worked in Singapore from 3 Nov 2007 to 7 May 2008. You will be taxed as a resident for Years of Assessment 2008 and 2009.

Year of Assessment	Period of stay (inclusive of work) in Singapore	Resident Status
2008	3 Nov 2007 to 31 Dec 2007 (59 days)	Resident
2009	1 Jan 2008 to 7 May 2008 (128 days)	Resident
	Total (187 days)	

If you stay or work in Singapore continuously for three consecutive years, you will be regarded as a tax resident for all the three years even though the number of days you are in Singapore is less than 183 days in the first and third year.

For example:

You have stayed or worked in Singapore from 3 Nov 2007 to 7 May 2009. You will be taxed as a resident for Years of Assessment 2008 to 2010.

Year of Assessment	Period of stay (inclusive of work) in Singapore	Resident Status
2008	3 Nov 2007 to 31 Dec 2007 (59 days)	Resident
2009	1 Jan 2008 to 31 Dec 2008 (366 days)	Resident
2010	1 Jan 2009 to 7 May 2009 (127 days)	Resident

Tax Implications at a Glance

If your period of stay (including work) in Singapore	Resident status	Tax implications
Is at least 183 days in a year	Resident for that year	All your income will be taxed at progressive resident rates. You may claim tax reliefs.
Is at least 183 days for a continuous period over two years	Resident for both years	
Covers three consecutive years	Resident for all three years	

For non-resident individuals, the employment income is taxed at 15% or resident rate (<http://www.iras.gov.sg/irasHome/page.aspx?id=1190>), whichever gives rise to higher tax.

Taxation on Relocation Allowance and Reimbursement

Generally, the full amount of cash allowances given to cover relocation expenses is taxed as employment income. However, there are provisions for certain claims for relocation expenses to be deductible against this allowance. As long as you do not derive personal benefit from the relocation reimbursement and that the reimbursement is compensatory in nature and for the benefit of the employer, it can be deductible against the allowance provided. The excess of the relocation allowance from the relocation expenses is taxable. However, if the relocation expenses claimed exceed the allowance given, the excess will be disregarded and cannot be used to offset against other income.

Examples of allowable deductibles may include:

- Cost of airfare to bring you, your family members and pets to the country
- Freight / storage charges to move personal effects
- Cost of temporary accommodation (i.e. hotel or serviced apartment)
- Settling-in expenses (e.g. first purchase of beddings, kitchen appliances, subscription to broadband Internet access and enrolment for immersion programmes for expatriates)

However, reimbursements of personal expenses that are granted in respect of employment and confer a benefit on you are non-deductible against the relocation allowance, and is hence taxable. These include:

- Personal expenses such as payment for meals, laundry and transport
- Recurrent expenses after the initial settling-in period (e.g. ongoing storage costs incurred for storing your personal effects during the period of employment in Singapore)
- Reimbursement of loss incurred on disposal of personal assets resulting from relocation

Avoidance of Double Taxation

Singapore has signed Avoidance of Double Taxation Agreements (DTAs) with a number of countries to relieve double taxation of income that is earned in one country by a resident of the other country. The DTA makes clear the taxing rights between Singapore and her treaty partner on the different types of income arising from cross-border economic activities between the two countries.

The DTA also provides for reduction or exemption of tax on certain types of income.

Comprehensive DTAs

These DTAs generally cover all types of income. At present, Singapore has Comprehensive DTAs with the following countries:

Australia	Austria	Bahrain	Bangladesh	Belgium	Brunei
Bulgaria	Canada	China	Cyprus	Czech Republic	Denmark
Egypt	Estonia	Fiji	Finland	France	Germany
Hungary	India	Indonesia	Israel	Italy	Japan
Kazakhstan	South Korea	Kuwait	Latvia	Lithuania	Luxembourg
Malaysia	Mauritius	Mexico	Mongolia	Myanmar	Netherlands
New Zealand	Norway	Oman	Pakistan	Papua New Guinea	Philippines
Poland	Portugal	Qatar	Romania	Slovak Republic	South Africa
Sri Lanka	Sweden	Switzerland	Taiwan	Thailand	Turkey
United Arab Emirates	United Kingdom	Vietnam			

Limited Treaties

These agreements cover only income from shipping and/or air airport. The countries which Singapore has limited treaties with are:

Bahrain	Chile	Hong Kong	Oman	Saudi Arabia	United Arab Emirates	United States of America
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