

EMPLOYMENT ACT

SOME COMMONLY ASKED QUESTIONS ON PAYMENT OF SALARY

Employees covered under the Employment Act and junior managers and executives who are in receipt of basic salaries not exceeding \$2,500 per month are protected against non-payment of salary.

PAYMENT OF SALARY

1. Does the Act regulate the amount of salary to be paid?

No. There is no minimum salary in Singapore. It is subject to negotiation and mutual agreement between an employer and employee.

2. How often should an employee be paid his salary?

An employee must be paid at least once a month. All salary, other than overtime payment, must be paid within 7 days after the end of the salary period. Salary for overtime must be paid within 14 days after the end of the salary period.

3. When is salary payable to an employee whose contract of service has been terminated by his employer?

The total salary due to an employee must be paid on his last day of employment if he is dismissed on ground of misconduct, or his service is terminated by his employer. If this is not possible, it must be paid within 3 working days from the date of dismissal or termination.

4. When is salary payable to an employee who resigns?

If an employee resigns and has served the required notice period, he must be paid all salary due to him on the last day of employment. If an employee resigns without notice or without serving the required notice period, he must be paid all salary due to him within 7 days from the last day of employment.

5. Can an employer withhold a portion of his foreign employee's monthly salary for income tax payment?

An employer is not allowed to make deduction from his foreign employee's monthly salary for income tax payment unless there is already an assessment by the income tax authority (IRAS) on the worker's tax liability.

6. Can an employer withhold his foreign employee's last salary payment for income tax clearance?

Once an employer is informed of his foreign employee's intent to cease employment, he should immediately seek clearance with IRAS if the worker is likely to be chargeable to tax. The employer may withhold the worker's outstanding salary payment pending IRAS's clearance, or immediately released to the worker if he is unlikely to be chargeable to tax. More information on tax liability and clearance for foreign employees is available at the IRAS website at: <http://www.iras.gov.sg>

7. Can an employer make deductions from an employee's salary?

This segment applies to all who are covered under the Employment Act. It however **does not** apply to junior managers and executives (in receipt of basic salaries not exceeding \$2,500 per month) who are given the recourse to make salary claims against their employers through the Labour Court. .

No deductions other than those allowed under the Act or ordered by the Court, can be made by an employer. The deductions from salary allowed under the Act are:

- For absence from work. For a monthly-rated employee, the deduction shall be calculated in accordance with the appropriate formula in the Third Schedule of the Act.
- For damage to or loss of goods entrusted to an employee for his custody, or for loss of money which an employee is accountable for, where the damage or loss is directly attributable to his neglect or default. This is to be determined by an inquiry to be held by the employer. No deductions shall be made unless the employee has been given an opportunity to explain the cause of the damage or loss and his reasons why the deductions should not be made. Except with the permission of the Commissioner for Labour, the total amount of such deductions must not exceed 25% of the employee's one month's salary, and such deductions may only be made on a once-off basis.
- For cost of meals supplied by the employer at the request of the employee.
- For house accommodation or for amenities and services supplied by the employer and accepted by the employee. Deductions must not exceed the value of the accommodation, amenity or service supplied.
- For the recovery of advances, loans or adjustment of overpayments of salary. Advances may be recovered in instalments by deductions from salary spread over not more than twelve months. Each instalment shall not exceed 25% of the salary due to the employee for the salary period.
- For income tax payment.
- For CPF contributions.
- For contributions to superannuation scheme or provident fund or any other scheme at the request of the employee in writing. However, these schemes must be lawfully established for the benefit of the employee and are approved by the Commissioner for Labour.
- For payments to any registered co-operative society with the written consent of the employee.
- For any other purpose which may be approved upon application from time to time by the Minister for Manpower.

The information provided in this fact sheet is accurate at time of printing and has no legal standing. In any case of doubt, reference should be made to the Employment Act itself. [MOM Ird 2008 (4th Edition)]