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What should I do?

TIPS

Employers are encouraged to provide pay slips with overtime calculations to their employees to avoid any misunderstanding.

Employers must ensure that their employees have rest day and cannot compel employees to work on rest day unless very exceptional circumstances.

A Guide for Business Employer
What is considered as overtime?

1. For employees who work 5 days a week, overtime is when he/she has worked for more than eight hours in a day or 44 hours in a week (exclude rest/meal breaks).
2. For shift workers, he/she is allowed to work up to 12 hours a day. This is provided that the average working hours each week does not exceed 44 hours over a continuous three week period (exclude rest/meal breaks).
3. For part-time employees, overtime is when he/she exceeds the normal hours of work.

How to calculate my employee’s basic rate of pay earned per hour?

- For a monthly-rated employee, his hourly basic rate of pay is computed as follows:
  \[ \frac{12 \times \text{Monthly Basic Rate of Pay}}{52 \times 44} \]

- For a daily-rated employee, his hourly basic rate of pay is computed as follows:
  \[ \frac{\text{Daily Pay at the Basic Rate}}{\text{Working Hours Per Day}} \]

- For a weekly-rated employee, his hourly basic rate of pay is computed as follows:
  \[ \frac{\text{Total Weekly Pay at the Basic Rate of Pay}}{\text{Total Number of Hours Worked in the Week}} \]

After calculating my basic rate per hour, how do I calculate my employee’s overtime pay?

For work done on a working day:

Hourly basic rate of pay \( \times \) 1.5 \( \times \) Numbers of hours of overtime worked

For work done on a rest day:

a) Employer asks the employee to work:
   \[ \Rightarrow 1 \text{ day salary for up to half day’s work} \]
   \[ \Rightarrow 2 \text{ days salary for more than half but not exceeding his normal hours of work for one day} \]

b) Employee makes a request to work:
   \[ \Rightarrow 1/2 \text{ day salary for up to half day’s work} \]
   \[ \Rightarrow 1 \text{ day salary for more than half but not exceeding his normal hours of work for one day} \]

Take note: The overtime rate payable to non-workmen earning up to $2500 basic monthly salary will be capped at the basic monthly salary level of $2250.

Employer has to make overtime payment to your employees if they are covered under part IV of the Employment Act. The employee must meet the following criteria...

- The person is working for the company under a contract of service and does not hold managerial and executive positions in the company.
- Workman earning not more $4,500 basic monthly salary. Generally, a workman is an employee whose work involves manual labour. Some examples of workman are lorry drivers, construction workers, kitchen helpers, machine operators
- Employee not earning more than $2,500 basic monthly salary.

Employee will not be covered under the Act if he/she is holding a managerial or executive position, seaman, domestic worker and employed by a Statutory Board or the Government.

Frequently Asked Questions

Q: What is the maximum hours of overtime?
A: Under Part IV of the Employment Act, an employee is not allowed to work more than 12 hours (inclusive of overtime hours) a day. The total hours of overtime work in a month cannot exceed 72 hours.

However, this limit may be exceeded if the Ministry of Manpower has granted an exemption under section 38 of the Employment Act. Employers that require their employees to work more than 72 hours of overtime in a month are required under section 38 of the Employment Act, to apply for overtime exemption from the Ministry of Manpower. Refer to MOM Website to download the ‘Application form for overtime exemption for work more than 72 hours of overtime in a month’ form.

Q: My employee is an assistant manager earning $3000. Do I have to pay overtime?
A: If employees are holding a managerial post, he/she is not covered under the Employment Act Part IV to claim for overtime.

Q: Can an employee who is not on shift work be required to work up to twelve hours in a day?
A: Yes, an employee can be required to work up to twelve hours in a day, provided that the employee gives his/her consent in writing. He must be informed of the daily working hours, the number of working days in each week and the weekly rest day.

If the employee's rest day falls on a day other than a Sunday, the employer is required to prepare a monthly roster and inform the employee of his/her rest days for the month at the beginning of each month. Overtime allowance will be payable only if the employee is required to work more than an average of 44 hours a week over any continuous period of three weeks.