

Glossary of Terms

Dependency Ratio Ceiling

Dependency Ratio Ceiling (DRC) refers to the maximum permitted ratio of foreign workers to the total workforce that a company in the stipulated sector is allowed to hire.

For example, the Dependency Ratio Ceiling in the Manufacturing sector is 60%. Hence, up to 60% of a Manufacturing company's total workforce (sum of local workers, S Pass and Work Permit holders) may consist of S Pass and Work Permit holders.

Foreign Worker Levy (FWL)

Foreign worker levy is the levy that a company pays to the Government for each S Pass or Work Permit holder it hires. It is a pricing mechanism to regulate the number of foreign workers in Singapore.

Levy Tiers

The levy tiers determine the levy rate to be paid for each foreign worker by a company and this depends on the proportion of S Pass and Work Permit holders it has employed.

For example, a Services company would currently pay a Tier 1 levy rate for each of its Work Permit holder who falls within the first 20% of its total workforce. It would pay a Tier 2 levy rate for each of its Work Permit holder who falls between 20% and 30% of its total workforce. It would pay a Tier 3 levy rate for each of its Work Permit holder who falls between 30% and 50% of its total workforce.

Man-Year Entitlement

The Man-Year Entitlement (MYE) Allocation System is a Work Permit allocation system for construction workers from Non-Traditional Source (NTS) countries and the People's Republic of China (PRC). Companies without MYE may still employ NTS or PRC Construction Work Permit holders via the MYE-waiver category, subject to compliance with the Dependency Ratio Ceiling by paying a higher MYE-waiver FWL rate.

MYE:

1. Reflects the total number of Work Permit holders a main contractor is entitled to employ based on the value of projects/contracts awarded by developers/owners; and
2. Is allocated in the form of the number of “man-years” required to complete a project (1 man-year = 1-year employment under a Work Permit).

Employment Pass

An Employment Pass allows foreign professionals to work in Singapore. It applies to foreigners who earn a fixed monthly salary of at least \$3,000, and have acceptable qualifications.

S Pass

An S Pass allows mid-skilled foreigners to work in Singapore. S Pass applications are assessed on multiple criteria, including salary, education qualification, skills, job type and work experience.

Work Permit

A Work Permit is generally issued to foreign low-skilled workers with a monthly fixed salary of not more than \$2,000.