

CHANGES TO EMPLOYMENT PASS REQUIREMENTS

Posted on September 1, 2022

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(PROGRESSIVELY FROM 1 SEPTEMBER 2022)

On 4 March 2022, the Ministry of Manpower had announced that all new applications and renewals for Employment Passes (“**EPs**”) will be assessed via a two-stage eligibility framework.

- Firstly, the EP candidate must meet the minimum EP qualifying salary.
- Secondly, the application or renewal (as the case may be) must pass a points-based Complementarity Assessment Framework (“**COMPASS**”). COMPASS will apply to all EP applications with effect from 1 September 2023 and all EP renewals with effect from 1 September 2024.

On 29 August 2022, further changes were announced, including changes to the processing time for work passes. With immediate effect, EP applications and renewals will be processed or given an update within 10 business days.

Whilst employers are required to comply with the Fair Consideration Framework (which requires employers to consider all candidates fairly before applying for an EP, and advertising the job on MyCareersFuture in accordance with the prevailing advertising requirements.), with effect from 1 September 2022, the duration of the job advertising under the Fair Consideration Framework will be shortened to 14 days, from 28 days.

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A. Minimum EP qualifying salary (From 1 September 2022)

Presently, in order to qualify for an EP, EP candidates who are not in the financial services sector are required to earn a fixed monthly salary of at least S\$4,500. EP candidates in the financial services sector are required to earn a fixed monthly salary of at least S\$5,000. In addition to the foregoing, older candidates will generally require higher salaries to be eligible for an EP.

With effect from **1 September 2022**, the minimum EP qualifying salary will be benchmarked to the salaries of the top one-third of the local PMET (i.e. Professionals, Managers, Executives & Technicians) workforce. This would mean that there may be regular updates to the minimum EP qualifying salary to reflect prevailing economic conditions and changes in the local PMET wage trends.

The minimum EP qualifying salary will be increased to S\$5,000 for EP candidates who are not in the financial services sector. This will increase progressively with the age of the EP candidate, up to S\$10,500 for EP candidates in their mid-forties. As for EP candidates in the financial services sector, the minimum EP qualifying salary will be increased to S\$5,500. This will also increase progressively with the age of the EP candidate, up to S\$11,500 for EP candidates in the mid-forties.

The new minimum EP qualifying salary will apply to new applications for EP with effect from 1 September 2022, and to renewals of EP with effect from 1 September 2023.

B. Personalised Employment Pass (From 1 September 2023)

With effect from 1 September 2023, the fixed monthly salary criteria for both the existing EP holders and overseas foreign professionals will be raised to S\$22,500 from the current salary criteria of at least S\$12,000 for existing EP holders and S\$18,000 for overseas foreign professionals.

C. Overseas Networks & Expertise Pass (“ONE Pass”) (From 1 January 2023)

In order to attract top talents across all sectors, existing EP holders and overseas candidates may apply for the ONE Pass from 1 January 2023, if they earn a fixed monthly salary of at least S\$30,000 or if they do not meet the salary criterion, have outstanding achievements in the arts and culture, sports, science and technology, and academia and research, and satisfy the eligibility criteria (further details to be released closer to 1 January 2023).

The ONE Pass is a personalized pass tied to the individual and allows for greater employment flexibility, as individuals may concurrently start, operate and work for multiple companies at any one time, without the need to reapply for a new pass if they change jobs.

D. Experienced Tech Professionals with Skills in Shortage (From September 2023)

Experienced tech professionals with skills in shortage may apply for a longer EP with a 5-year duration, from September 2023. Please refer to paragraph E (vii) below for further details.

E. Complementarity Assessment Framework (From 1 September 2023)

COMPASS evaluates EP applications and renewals based on a holistic set of individual and firm-related attributes. Points are awarded for each attribute and each application and renewal requires at least 40 points in total to pass COMPASS.

The four foundational criteria of COMPASS are salary, qualification, diversity and support for resident

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employment. Up to 20 points may be awarded for each of the foundational criterion, depending on whether the application or renewal meets or exceeds expectations.

COMPASS gives recognition to EP applications and renewals that will enable Singapore to meet its skills shortage or cater to in-demand roles which support strategic economic priorities, by awarding bonus points to such applications and renewals.

Notwithstanding the above, an EP candidate will be exempted from COMPASS if the candidate fulfils any of the following conditions:

- The candidate earns a fixed monthly salary of at least S\$22,500 from 1 September 2023;
- The candidate is applying for an EP as an overseas intra-corporate transferee under the World Trade Organization's General Agreement on Trade in Services or an applicable Free Trade Agreement that Singapore is party to; or
- The candidate is applying for an EP to fill a role in Singapore on a short-term basis (i.e. 1 month or less).

(i) Salary

COMPASS compares the fixed monthly salary of the EP candidate with the salaries of local PMETs in the same sector, which will be age-adjusted. Employers will be grouped into sectors based on the Singapore Standard Industry Classification, using each employer's principal business activity as declared to the Accounting and Corporate Regulatory Authority.

20 points will be awarded if the fixed monthly salary of the EP candidate falls within the top 90th percentile of salaries of local PMETs in the same sector by age, whereas 10 points will be awarded if the fixed monthly salary of the EP candidate falls in between the top 65th to 90th percentile of salaries of local PMETs in the same sector by age.

(ii) Qualifications

COMPASS awards points based on the EP candidate's qualifications and the institution which awarded those qualifications.

If the EP candidate is from a top tier institution, 20 points will be awarded. A top tier institution broadly refers to the top 100 universities based on international rankings and other highly reputed universities across different regions, Singapore's Autonomous Universities (i.e. National Technological University, National University of Singapore, Singapore Institute of Technology, Singapore Management University, Singapore University of Social Sciences and Singapore University of Technology and Design), and vocational institutions that are highly-recognized in a particular field.

Nevertheless, 10 points will still be awarded if the EP candidate has degree-equivalent qualifications, notwithstanding the fact that the degree was not from a top tier institution. These include foreign qualifications that are assessed by the Ministry of Manpower ("**MOM**") to be comparable to a bachelor's degree in the UK system and professional qualifications that are well-recognized by the industry and endorsed by a relevant sector agency. MOM will determine this by reference to international recognition bodies, for example, the UK National Information Centre for recognition and evaluation of international

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qualifications and skills.

At the time of writing of this article, MOM has yet to release a list of universities and vocational institutions (other than Singapore's Autonomous Universities) that would be regarded as a top tier institution and a list of foreign qualifications and professional qualifications that would be regarded as degree-equivalent qualifications. Nonetheless, we understand that MOM will introduce a Pre-Assessment Tool for employers to get an indicative COMPASS score for prospective EP candidates, which will also provide a breakdown of the score for each COMPASS criterion.

Having said the above, qualifications are not a mandatory requirement under COMPASS, as candidates who do not hold degree-equivalent qualifications can still pass COMPASS by earning sufficient points on other criteria.

(iii) Diversity

COMPASS awards points if the nationality of the EP candidate forms a small share of the employer's PMET employees. The nationality of the EP candidate is as indicated on their passport in MOM's records, and all employees with a money salary of at least S\$3,000 will be regarded by MOM as PMET employees.

20 points will be awarded if the EP candidate's nationality forms less than 5% of the employer's PMET employees, whereas 10 points will be awarded if the EP candidate's nationality forms at least 5% but less than 25% of the employer's PMET employees. 10 points will also be awarded if the employer has less than 25 PMET employees.

(iv) Support for local employment

COMPASS compares the share of local PMETs employed by the EP candidate's employer with peers in the same subsector. As mentioned above, employers will be grouped into sectors based on the Singapore Standard Industry Classification, using each employer's principal business activity as declared to the Accounting and Corporate Regulatory Authority. Similar to the criterion on diversity, all employees with a money salary of at least S\$3,000 will be regarded by MOM as PMET employees.

If the employer's share of local PMETs compared to peers in the same subsector falls within the top 50th percentile, 20 points will be awarded. If the employer's share of local PMETs compared to peers in the same subsector falls in between the 20th and 50th percentile, 10 points will be awarded.

10 points will also be awarded if the employer has less than 25 PMET employees, or if at least 70% of the employer's PMET are locals.

(v) Skills bonus (shortage occupation list)

COMPASS awards 20 bonus points if the EP candidate is employed in occupations requiring highly specialized skills that are currently in shortage in the local workforce. However, if the EP candidate's nationality forms at least one-third of the employer's PMETs, only 10 bonus points (and not 20 bonus points) will be awarded.

The COMPASS Shortage Occupation List ("SOL") will be determined by a tripartite evaluation panel and will be based on their relevance to Singapore's economic priorities, the degree and nature of labour shortage and the sector's progress in developing the local pipeline in the medium term to address these

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shortages. The first SOL will be announced when the tripartite evaluation panel has completed its review by March 2023. Thereafter, the SOL will be regularly reviewed to ensure that the SOL is responsiveness to industry needs and existing shortages are not entrenched over the long term.

(vi) Experienced Tech Professionals

Experienced tech professionals applying for specific tech occupations on the SOL may be eligible for a longer 5-year duration EP, from September 2023, if they meet the eligibility criteria, including earning a fixed monthly salary of at least S\$10,500 (for older candidates aged 36 and above, a higher salary is required up to S\$13,500 if they are aged 45 and beyond). Candidates must pass COMPASS and score at least 10 points on Criterion 3 (Diversity), meaning their nationality must account for less than 25 percent of the firm's PMET. More information on the tech occupations on the SOL is expected to be released in the first quarter of 2023.

(vii) Strategic economic priorities bonus

COMPASS awards 10 bonus points if the EP candidate's employer participates in specific programmes or meets specific qualifying criteria carefully selected by participating economic agencies in Singapore, and shows commitment to developing the local workforce or ecosystem in Singapore. Further details on the list of programmes, eligibility criteria and application process will be released by MOM by March 2023.

F. Closing thoughts

The upcoming changes to the EP requirements seek to strengthen the quality of EP holders in Singapore and to ensure that they complement the local workforce. They are also intended to strengthen Singapore's position as a global hub for talent growth and management. The new COMPASS also seeks to provide a transparent system so that employers will have greater clarity and certainty when planning to hire foreigners. These changes however, may not have a significant impact on small businesses with less than 25 PMET employees as their EP applications and renewals will by default acquire 20 points under the criteria of diversity and support for local employment, and will immediately pass COMPASS if the EP candidate is from a top-tier institution. The changes also do not impact EP candidates who are earning at least S\$22,500 fixed monthly salary as these candidates are exempted from COMPASS and the advertising requirements under the Fair Consideration Framework. For other employers, it may be prudent to plan ahead and determine whether they will be able to renew existing EPs when COMPASS applies to renewals from 1 September 2024.

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