CHANGES TO SINGAPORE'S FOREIGN WORKFORCE POLICY

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The Ministry of Manpower ("**MOM**") announced on 4 March 2024 that it would be updating its foreign workforce policies to:

- maintain a high quality and complementary foreign workforce;
- support industry transformation to achieve a more productive, manpower lean foreign workforce and create better jobs for locals; and
- uplift lower-wage workers and maintain the effectiveness of foreign workforce controls.

Increases to the Employment Pass minimum qualifying salary

The Employment Pass ("**EP**") minimum qualifying salary will be increased from:

- $5,000 to **$5,600** per month (for all sectors except for financial services), with the salary benchmark increasing progressively with the age of the candidates, up to $10,700 for a candidate in their mid-40s; and
- $5,500 to **$6,200** per month (for the financial services sector), with the salary benchmark also increasing progressively with the age of the candidates, up to $11,800 for a candidate in their mid-40s.

The revised EP qualifying salary will apply to new EP applications from 1 January 2025, and to renewal applications from 1 January 2026. This will provide businesses more time to adjust to the changes.

A summary of the changes to the Employment Pass requirements are set out below.

Obtaining an Employment Pass	
General	The Employment Pass allows foreign professionals, managers and executives to work in Singapore.
Eligibility	To qualify for EP applications, candidates will need to pass a 2-stage eligibility framework: (a) Earn at least the EP Qualifying Salary, which is benchmarked to the top 1/3 of local PMET salaries by age; and (b) Unless exempted, pass the points-based Complementarity Assessment Framework ("**COMPASS**").

	Sector	Current EP Qualifying Salary	New EP Qualifying Salary (for New EP applications from **1 Jan 2025** and renewals of EPs expiring from **1 Jan 2026**)
EP Qualifying Salary	All (except financial services)	**At least $5,000** (increases progressively with the age of the candidates from age 23, up to **$10,500** at age 45 and above)	at least **$5,600** (increases progressively with the age of the candidates from age 23, up to **$10,700** at age 45 and above)
	Financial services	**At least $5,500** (increases progressively with the age of the candidates, from age 23, up to **$11,500** at age 45 and above)	**At least $6,200** (increases progressively with the age of the candidates, from age 23, up to **$11,800** at age 45 and above)
	Candidates must earn 40 points to pass COMPASS.		

Increases the Local Qualifying Salary Threshold

Firms hiring foreign workers under a Work Permit or S Pass will have to pay all their local workers at least the Local Qualifying Salary ("**LQS**") (or Progressive Wage Model wages where applicable). The LQS determines the number of local employees who can be used to calculate a firm's Work Permit and S Pass quota entitlement (this quota is the maximum ratio of foreign workers to the total workforce that a company in a given sector can employ under a Work Permit or S Pass).

The Singapore government will raise the LQS threshold from $1,400 to $1,600 per month. The foreign worker quota computation will correspondingly be adjusted with the new LQS. The revision to the LQS is intended to see to it that local workers are not offered token salaries, in a bid for firms to employ foreign workers, and to keep pace with rising local wages.

These changes will be implemented from 1 July 2024.

A summary of the LQS changes is set out below.

Changes to the LQS Threshold

		Current LQS	New LQS (from 1 July 2024)
LQS	Full-time local workers	At least **$1,400** per month	At least **$1,600** per month
	Part-time local workers	At least **$9** per hour	At least **$10.50** per hour
		Current quota computation	New quota computation (from 1 July 2024)
Foreign worker quota computation	1 local workforce count	Per local worker who is paid at least **$1,400** per month	Per local worker who is paid at least **$1,600** per month
	0.5 local workforce count	Per local worker who is **paid at least $700** but less than $1,400 per month	Per local worker who is paid **at least $800** but less than $1,600 per month

Updates To Marine Shipyard Sector Foreign Workforce Policies

The following policy changes for the Marine Shipyard sector (subject to qualification under this sector) will be made:

- A reduction of the dependency ratio ceiling or quota (**"DRC"**)* from 77.8% to 75% (or from a ratio of 1 local employee to 3.5 Work Permit Holders ("**WPHs**"), to 1 local employee to 3 WPHs); and
- An increase in the levy to $500 for 'Basic Skilled' R2 WPHs, and $350 for 'Higher Skilled' R1 WPHs.

These changes will take effect from 1 January 2026.

In order to minimise business disruptions, firms exceeding the new DRC on 1 January 2026 will be allowed to retain their existing WPHs and S Pass holders until the work passes expire. However, these firms will not be able to renew, or apply for new WPHs and S Pass holders, until they bring their firm's workforce within the new DRC of 75% (1:3). Firms are also encouraged to plan ahead for the changes. The new levy rates will apply to all WPHs, including existing WPHs, from 1 January 2026.

**A DRC is the maximum ratio of foreign workers to the total workforce that a company in a given sector can employ. For example, if the DRC for the services sector is 35%, the total number of WPHs and S Pass holders employed by a services company cannot exceed 35% of its total workforce.*

The Ministry of Manpower's website has a foreign employee quota calculator that may be used to calculate how many Work Permit and S Pass holders a company can hire at <https://www.mom.gov.sg/passes-and-permits/work-permit-for-foreign-worker/foreign-worker-levy/calculate-foreign-worker-quota>.