

Singapore: Changes to foreign worker limits for the services sector

February 26, 2019

In brief

The Dependency Ratio Ceiling (DRC) and S Pass sub-DRC for firms in the services sector will be reduced in two steps in 2020 and 2021. These changes were announced a year ahead during the Singapore Budget 2019 Statement, to give employers time to plan.

In detail

DRC

The DRC refers to a quota – the number of S Pass and Work Permit (WP) holders a company can hire. The current quota for the services sector is set forth below:

S Pass	
Up to 15% of the total workforce	
Work permit	
Basic Tier / Tier 1:	Up to 10% of the total workforce
Tier 2:	Above 10% to 25% of the total workforce
Tier 3:	Above 25% to 40% of the total workforce

Changes to the DRC and S Pass sub-DRC in the services sector

The DRC will be lowered from 40% to 38% from January 1, 2020, then to 35% from January 1, 2021.

The S Pass sub-DRC will also be lowered from 15% to 13% from January 1, 2020, then to 10% from January 1, 2021.

Other key facts

For firms whose existing workers are in excess of the

new limits, the new DRC will apply as and when these firms apply for renewals of permits.

There will be no changes for companies in other sectors.

The takeaway

Impact for employers

Companies that have exceeded the revised DRC or sub-DRC will not be able to renew S Pass or WPs. However, they can retain them until their work passes expire to avoid

disruptions to the existing business operations.

Given that the S Pass minimum salary has increased to \$2,300 effective January 1, 2019, companies are encouraged to better manage their manpower needs.

Also, companies may look to various funding support provided by the government (such as the Enterprise Development Grant, Productivity Solutions Grant, and Lean Enterprise Development Scheme).

Let's talk

If you wish to discuss the changes detailed above, please contact your PwC Global Mobility Services engagement team or any of the team members below:

Global Mobility – Singapore

Sakaya Johns Rani
+65 9088 8347
sakaya.johns.rani@sg.pwc.com

Global Mobility – United States

Peter Clarke, *Global Leader*
+1 (646) 471-4743
peter.clarke@pwc.com

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