



## P R E S S   R E L E A S E

24 March 2020

### FURTHER MEASURES TO HELP COMPANIES COPE WITH COVID-19 SITUATION

In view of the evolving Covid-19 situation, the Ministry of Manpower (MOM) will introduce further measures to help businesses cope during this period. MOM will provide:

- (i) A **three-month extension of the levy payment timeline to small-and-medium size enterprises (SMEs)**<sup>1</sup> with immediate effect, for more flexibility in their cash-flow management;
- (ii) Levy waiver for up to 90 days with immediate effect for foreign workers on overseas leave; and
- (iii) Man-Year Entitlement (MYE) refund for construction firms affected by disruptions arising from COVID-19, with effect from 1 April 2020.

2 In addition, firms with excess manpower are urged to prioritise locals to be retained in their jobs. These firms should also give consent for their existing foreign workers to be transferred other employers facing manpower shortages.

#### (i) Three-Month Extension of Levy Payment Timeline for SMEs

3 Currently, the foreign worker levy incurred in the any month is due for payment by the 14<sup>th</sup> of the following month. Employers who fail to make payment on the due date will have their new and renewal work pass applications rejected. Two consecutive months of late or non-payment of levies will result in all existing work passes being revoked.

4 **With immediate effect, MOM will provide SMEs with an additional three months to make the levy payment.** In total, SMEs will have up to 5 months to pay for the foreign worker levy from the month it is incurred before revocation action kicks in. This temporary relief measure will apply to levies incurred in the year 2020. **Around 60,000 firms stand to benefit** from this measure.

5 Employers who use the extended payment timeline offered by MOM are encouraged to retain existing workers and should not be employing new foreign workers. MOM will hence allow renewals but not new applications of work passes from these firms.

6 The late payment penalty of 2% monthly will still apply for levies which are deferred. Firms are hence encouraged to exercise financial prudence and plan their cash flow to pay

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<sup>1</sup> SMEs refers to companies incorporated in Singapore employing not more than 200 workers.

levies on time as far as possible. Please see Annex for further details on levy payment deferment.

## **(ii) Levy Waiver For Up To 90 Days For Foreign Workers On Overseas Leave**

7 Currently, MOM allows levy waiver for up to 60 days for foreign workers who go on overseas home leave for at least 7 consecutive days. In view of the widespread travel restrictions and difficulties workers may face in returning to Singapore, **MOM will extend the levy waiver period to up to 90 days with immediate effect for foreign workers who are currently on overseas leave.** This extended period of levy waiver will also apply to employers who send their foreign workers home from now till end 2020.

## **(iii) Man-Year Entitlement (MYE) Refund For Construction Firms**

8 MOM and the Building and Construction Authority (BCA) have received feedback from the Singapore Contractors Association Limited (SCAL) that construction firms are facing work disruptions due to delays in overseas supplies and entry of foreign construction workers due to travel restrictions. As any unused MYEs are currently forfeited, construction firms will be unable to fully utilise the Man-year Entitlements (MYE) allocated for their projects. This results in higher cost to contractors who will have to hire foreign workers on higher levy rates.

9 **MOM has worked together with SCAL and BCA on a temporary scheme to refund unutilised MYE due to work disruptions from COVID-19. Firms have the flexibility to use the refunded MYE within 1 year to hire new workers or renew existing ones. This relief measure will be available for a period of six months starting from 1 April 2020.** Affected firms can apply to BCA for the MYE refund. BCA will provide more details on the application process.

## **Allow Foreign Workers To Change Employer If They Are Not Needed**

10 In view of the heightened risk of further importation of COVID-19 to Singapore, the Ministry of Health issued an advisory on 18 March 2020 for all travel abroad to be deferred. MOM is limiting the number of entry approvals for work pass holders to enter Singapore to a very small number, with priority given to essential services like healthcare and transport. Employers are advised to:

- a. Defer plans to bring in new foreign workers from overseas until the situation stabilises;
- b. If foreign workers are still needed, retain existing foreign workers already in Singapore; and
- c. If the foreign workers are not needed, give consent for them to be transferred to other employers facing manpower shortages in the same sector:

- Firms in manufacturing and services sectors can approach the Singapore Business Federation (SBF) for assistance under its SBF ManpowerConnect scheme.
- Construction firms can tap on the Foreign Construction Worker Directory System (FCWDS) which facilitates matching of workers with prospective employers.

11 For further queries or clarifications, please contact:

**Ministry of Manpower**

Online Enquiry: [www.mom.gov.sg/feedback](http://www.mom.gov.sg/feedback)

Website: [www.mom.gov.sg](http://www.mom.gov.sg)

<End of Release>

**For media queries, please contact**

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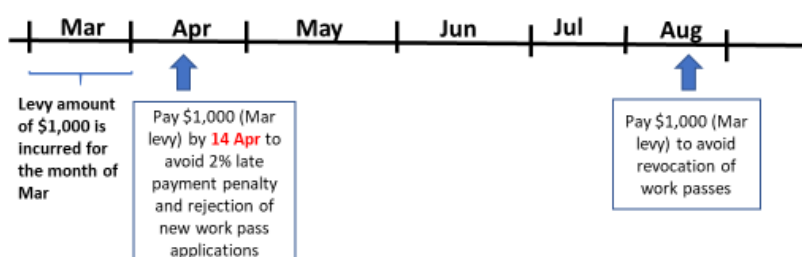
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## Annex – Frequently Asked Questions On Levy Payment Deferment

### 1. How does the levy payment deferment work?

Currently, employers who fail to pay levy for two consecutive months will have their work passes revoked in the following month. With the levy payment deferment measure, SMEs have up to five months to pay their levies incurred every month. Employers who fail to make the payment by the end of the 5<sup>th</sup> month will have their work passes revoked.

We encourage employers to plan out their cashflow and pay their levies in a timely manner to avoid late payment penalty and rejection of their new work pass applications. See below for an illustration using levy incurred for the month of March 2020.



### 2. Under this measure, will employers still incur late payment penalty charges when they defer their levy payment?

Payment of levy continues to be due by the 14<sup>th</sup> or 17<sup>th</sup> of the following month for non-GIRO and GIRO payment respectively. Deferment in levy payment is considered late payment and will attract, as usual, a late payment penalty of 2% per month (capped at 30% of total outstanding levy). This is to ensure employers settle their levy liabilities as soon as possible.

### 3. When will the levy payment deferment measure end?

This measure applies to all levies incurred in 2020. This means the last levy payment applicable for the deferment is Dec 2020 levy. Thereafter employers should pay their Jan 2021's levy in Feb 2021, and so on. To avoid work pass revocation, employers will need to ensure that levies incurred up to Dec 2020 are paid by May 2021.

**4. The measure takes effect immediately. What happens if the employer's January and/or February 2020 levy remains outstanding?**

This measure applies to levies incurred in 2020. Employers with outstanding levy for the January 2020 will have up to June 2020 to make the levy payment. Levy for February 2020 needs to be paid by July 2020. Otherwise, MOM will revoke the work passes.

**5. How do SMEs apply for the levy payment deferment?**

There is no need to apply for the deferment.

**6. GIRO deductions for levy payment may not provide the flexibility employers need for managing cash flow. Are employers allowed to terminate GIRO?**

Employers who want flexibility in managing their cash flow can opt to [terminate](#) the GIRO arrangement for paying levy. Please make the levy payment via [other payment methods](#) by the 14<sup>th</sup> of the month to avoid a late payment penalty of 2% per month.

Employers with GIRO arrangement will continue to have their levy deducted from their GIRO account on the 17<sup>th</sup> of every month. Employers should ensure that their GIRO account has sufficient funds for the deduction as unsuccessful deduction will result in bank charges and late payment penalty charges.