

Update Session

Important Changes for Dependent Pass/LOC Holders



March 2021

Work & Immigration information, Singapore

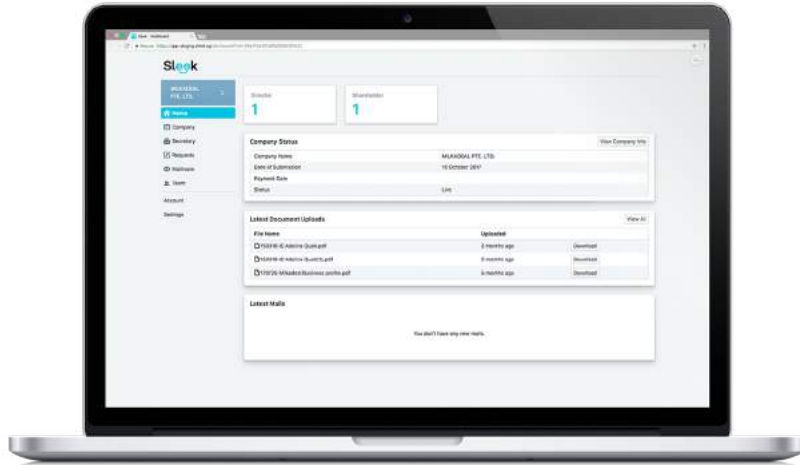
[Sleek.com](https://www.sleek.com)

Sleek

Our Profile



Sleek provides a **fully digital experience** for effortlessly incorporating and managing all regulatory, governance and tax & accounting requirements for a Singapore and HK entity.



- Online incorporation
- Corporate secretarial services
- Accounting, tax & payroll services
- Registered address
- Digital mailroom
- Visas & Immigration
- Corporate Insurance
- Business Bank Account Opening

.... All on one easy digital platform.

Agenda



1. Key Takeaways from MOM's Announcement
2. Pathways for Current and Prospective DP LOC business owners
3. Q & A Session - please also ask any questions during the webinar.

Sleek is a registered Employment Agency under The Ministry Of Manpower.

Over the past 3 years, Sleek has supported 1,000 Singapore work and immigration passes for our clients.

This session constitutes our understanding of MOM's recent changes. It does not constitute legal advice.

Key Takeaways from MOM's Announcement

Key Takeaways from MOM's Announcement

- On 3rd March 2021, Manpower Minister Josephine Teo announced that from 1 May 2021, **all dependants of foreigners** holding a Dependant's Pass (DP) will need a valid work pass (e.g. EP, S Pass or Work Permit) to work in Singapore, instead of a Letter of Consent (LOC).
- Prior to this announcement, employers who wanted to hire a DP employee could apply for a LOC from the MOM with no minimum salary or quota.
- The change means that all DP holders will now be **subject to the same requirements as all other foreigners** if they wish to work in Singapore.
- According to MOM statistics, the total foreign workforce as of June 2020, excluding foreign domestic workers, stood at **1,099,200**.
- According to Minister Teo most DP holders do not work during their stay in Singapore - MOM stated that LOC holders represented about 1% of all work pass holders - approx **11,000 workers**.

Source: Minister for Manpower Mrs Josephine Teo's speech at Committee of Supply 2021 3rd March 2021 [here](#).

What this announcement means for DP LOC employees



- Existing DP holders who are currently employed can still continue to work until the expiry of their LOC. LOC expiry dates can be found in the **SG WorkPass App** or via the [EP Online Portal](#).
- Prior to the LOC expiry, **employers can apply for a different work pass** for their DP employees if they wish to continue employing them before the LOC expiry date.
- Minister Teo indicated that the May 1st deadline provides employers sufficient time to facilitate the transition of DP LOC holders to a work pass as most already meet the prevailing work pass criteria such as salary level. **Those who do not meet the criteria will have to cease working in Singapore.**
- The move is intended to align the requirements for DP holders with all other foreigners who wish to seek employment in Singapore.

What this announcement means for DP LOC business owners

- An exemption to the removal of an LOC is granted to DP business owners who meet certain criteria.
 - 1) The DP holder is a sole proprietor, partner, or **company director with at least 30 per cent shareholding in the business.**
 - 1) The business should be actively creating local employment opportunities including having **hired at least one Singaporean or permanent resident** who earns at least \$1,400 SGD/month - the prevailing Local Qualifying Salary and **receives CPF contributions for at least three months before the LOC expiry.**

If a DP holder runs a businesses that **does not** meet the above criteria, they will be allowed to run the business only up until the LOC expires. They may apply for a one-off extension of their LOC until 30 April 2022 when next renewing their DP. More details to be released by MOM on the extension criteria.

If DP holders want to start a new business, they can still apply for a LOC but they must also meet the new conditions as well. Thus the LOC route is still available after 1st May 2021, the criteria has just changed.

Pathways for current & prospective DP business owners

Option 1: Hire local, own 30% of your own business, renew your LOC.

Option 2: Consider other work passes based on your situation.

Option 3: Consider your exit strategy as a DP business owner.



**Option 1: Hire local, own
30% of your own business,
renew your LOC.**

Hire Local: Resources to help you hire local

Job Portals

SKILLS *future*

In support of  JOBS & SKILLS

JobsDB.com

JobStreet

my careers *future*

Wsg Workforce Singapore

- [Grants & Funding Schemes in Singapore for Entrepreneurs](#) (5mins Read)
- [Latest grants in Singapore to combat Covid-19](#) (8min Read)

Funding & Grants

Sleek.com

Free Employment Agreement from MOM [here](#).

Annex A

This sample contract is designed to help you draft an employment contract. It includes all the essential elements of a typical contract. You may modify it to suit your specific needs and situations. Keep in mind that this document is a starting point and not a finished product. You need to make sure that the actual agreement reflects the relationship between you and your employee.

Sample Employment Contract

1. Date of Employment

Your first day of work is

2. Place of work

.....

3. Job Title

.....

4. Salary

Payment Date: day of every month; by Cash / Cheque / GIRO

4.1	(a) Basic Salary	\$.....
	(b) Other Allowances / Payments in Kind (to itemise)	\$.....
	Gross Salary [(a) + (b)]	\$.....
4.2	CPF	
	Employee contribution% of gross salary
	Employer contribution% of gross salary

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Hire Local: Payroll considerations for local employees

All mandatory levies, contributions, and statutory requirements should be strictly complied with in Singapore.



Monthly Payslips

Under the Employment Act, all employers are required to **issue itemised payslips** to all employees at **least once a month**.



Central Provident Fund (CPF) submission

CPF is a **mandatory social security** savings scheme funded by contributions from employers and employees. The **CPF rate is 17% of staff basic salary** (with a max base salary of \$6000, meaning excess of \$6K is not included on the CPF).



Skills Development Levy (SDL) processing

A mandatory levy for all employees in Singapore. Collected at a rate of **0.25% of monthly basic salary**. Minimum payable of \$2 and max of \$11.25 per employee/month. SDL is paid directly to the Skills Future SG to support workforce upgrade programmes & training.

Hire Local: Payroll considerations for local employees

The Local Qualifying Salary (\$1,400 SGD/month) is a pay level for locals used by MOM to determine whether local workers are meaningfully employed and not just given token salaries to allow the employer to hire foreign workers.



CPF & SDL Contribution

Employee Name	Ordinary Wage	Additional Wage	CPF (Employee)	CPF (Employer)	SHG Contribution	Additional SHG Contribution	SDL
Jasmine One	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00 (N/A)	\$50.00 (N/A)	\$53.50
John Tan	\$1,400.00	\$50.00	\$280.00	\$238.00	\$50.00 (N/A)	\$50.00 (N/A)	\$53.50

COMPANY LOGO

Itemised Payslips

Sleek Demo Company Pte. Ltd.

160 Robinson Road #14-04 Singapore Business Federation Centre
Singapore 068914

John Tan

S1234567D
Stanley Street Singapore
068737

Pay Date: 29 January 2021

Pay period from: 01 January 2021

Pay period to: 31 January 2021

Account Executive

Earnings (A)		Payments (B)	
Basic Pay	\$1,400.00	Total Payments	\$50.00
<i>Basic Pay 01 Jan 21 - 31 Jan 21</i>	\$1,400.00		
Allowances(TOTAL)	\$50.00	Statutory Funds	
Total Earnings	\$1,400.00	CPF (Employee)	\$280.00
		CPF (Employer)	\$238.00
		Total CPF	\$518.00
Deductions (C)			
Deductions(TOTAL)	\$50.00		
CPF (Employee)	\$280.00		
Total Deductions	\$280.00		
Net Salary (A + B - C)	\$1,120.00	Year-To-Date(Jan-21-Dec-21)	
		YTD Gross Salary	\$1,400.00
		YTD Bonus	\$50.00
		YTD CPF (Employee)	\$280.00
		YTD CPF (Employer)	\$238.00

Option 2: Consider other work passes based on your situation.

Employment Pass



Employment Pass (EP) - Key Details

Who can apply?

- Foreign professionals, managers & executives with acceptable qualifications and experience.
- All foreign nationalities are accepted (MOM fee varies - based on if single or multi visa application)

How long can the pass be granted for?

- Initial application can be granted for 1 to 2 years and renewal can be granted for up to 3 years.
- EP validity follows issuance of the physical EP card.

What are the expected salary levels?

- All applicants must earn > \$4,500 SGD per month
- Experience applicants in 40's should earn ~\$9,000+
- Director EP salary level should be > \$7,000 SGD per month
- Use [MOM's Self Assessment Tool](#) to check your salary level.

What is the expected processing time? 4-8 weeks

What are some benefits of the EP?

EP holders can sponsor family members to join them in Singapore

- **Dependent Pass (DP)** -
 - Salary requirement of EP holder = \$6,000+
 - Married spouse & unmarried children under 21
- **Long Term Visit Pass (LTVP)** -
 - Salary requirement of EP holder = \$6,000
 - Common-law spouse, unmarried handicapped children above 21 years old and unmarried step-child under 21 years old
- **Long Term Visit Pass (LTVP)**
 - Salary requirement of EP holder = \$12,000
 - Parents

Find our visa FAQs [here](#) along with examples of commonly requested documentation being asked from the MOM on appeal

More info from MOM on [Employment Pass](#)



Entrepass



Entrepass - Key Details

Who can apply?

- Foreign entrepreneurs, innovators or experienced investors who plan to start and operate a business in Singapore that is venture-backed or possesses innovative technologies.

How long can the pass be granted for?

- New pass and first renewal: 1 year
- Subsequent renewals: 2 years

Key details

- Candidate can apply directly
- No stipulated minimum salary
- No foreign worker levy or quota required
- Open to all nationalities

What is the expected processing time? 8 weeks

What are the ideal eligibility requirements?

Entrepreneur

- ⊕ Has funding from a government-recognised VC or business angel
- ⊕ Is an incubatee at a government-recognised incubator or accelerator
- ⊕ Has business network and entrepreneurial track record

Innovator

- ⊕ Holds an intellectual property
- ⊕ Has a research collaboration with an IHL or research institute in Singapore
- ⊕ Has extraordinary achievements in key areas of expertise

Investor

- ⊕ Has investment track record

To find out more about the eligibility criteria, you can contact **Enterprise Singapore** at [✉ entrepassenquiry@enterprisesg.gov.sg](mailto:entrepassenquiry@enterprisesg.gov.sg).

S Pass





S Pass - Key Details

Who can apply?

- Employers with available S-Pass quota requiring mid-level skilled staff with relevant qualifications & experience.

How long can the pass be granted for?

- Up to 2 years

Key details

- Employer or employment agency must apply for applicant.
- Employee must have **fixed monthly salary** min \$2,500.
- Employers are subject to **a quota and levy** for S Pass staff
- Employers must provide **medical insurance** for S Pass staff

What is the expected processing time? 3 weeks

Other considerations

- **Job Posting:** To promote fair employment practices and improve labour transparency, employers submitting S Pass applications must first advertise for 28 days on [MyCareersFuture](#), and consider all candidates fairly.
- **Exemption of Job posting (although you still should):**
 - > Your company has fewer than 10 employees.
 - > The vacancy is short-term, i.e. not more than 1 month.
- **Quota:** SPass employment is limited by a quota. If you have never applied for a Work Permit or S Pass, you need to **declare your business activity** for calculating your quota. Under the existing quota, S Pass employees are capped at:
 - > 10% of the **company's workforce** in the services sector.
 - > 20% in the manufacturing sector.
 - > 18% in all other sectors.
- **Levy:** Employers must pay a levy for all S Pass staff - a pricing mechanism to regulate the number of foreign workers in Singapore. The levy starts from the day the S Pass is issued and ends at the pass cancellation or expiry.

Tier	Quota %	Monthly levy rate	Daily levy rate
Basic / Tier 1	Up to 10% of the total workforce	\$330	\$10.85

PEP





Personalised Employment Pass (PEP) - Key Details

Who can apply?

- High-earning existing Employment Pass holders or overseas foreign professionals.
- Open to all nationalities

How long can the pass be granted for?

- Valid up to 3 years (non-renewable)

What are the expected salary levels?

- **Current EP holders:** at least \$12,000 a month and earn a fixed salary of **at least \$144,000** per calendar year, regardless of the number of months they are in employment. If unemployed for up to 6 months, the holder still needs to ensure that they earn \$144k over the calendar year.
- **Overseas foreign professionals:** at least \$18,000 a month for 6 months.

What is the expected processing time? 8 weeks

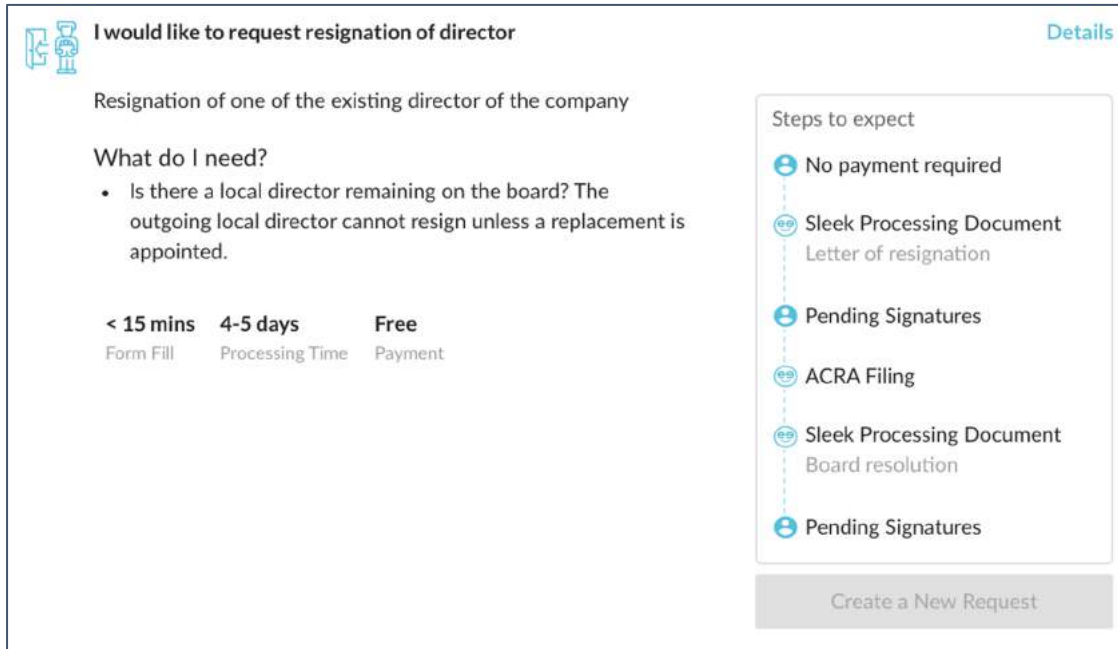
What are some benefits of the PEP?

- **Flexibility:** Not tied to a single employer, allows the holder to work in any sector (aside from sectors requiring a licence the holder doesn't have i.e. pharmacy, recruitment) and allows the holder to stay in Singapore for a continuous period of up to 6 months without a job.
- **Family:** Allows sponsoring family members under DP & LTVP
- **Starting new Employment:** Holders do not need to re-apply for a new pass during a job change. They just need to [notify MOM](#) within 1 week of starting the new role.
- **Transition Possible:** Can apply for EP when the PEP expires or during PEP validity.
- **Additional salary:** PEP holders can take up additional employment but salaries from this employment **CANNOT** be included in the computation of the annual fixed salary.

Option 3: Consider your exit strategy as a DP business owner

Based on the March 3rd announcement, if a DP business owner cannot meet the new LOC criteria, they will be allowed to run the business until the LOC expires. They may apply for a one-off extension of their LOC until 30 April 2022 when next renewing their DP.

A. Resign as director, remain as shareholder, consider selling?



The screenshot shows a user interface for requesting the resignation of a director. At the top, it says "I would like to request resignation of director" with a "Details" link. Below this, it states "Resignation of one of the existing director of the company". A section titled "What do I need?" contains a bullet point: "Is there a local director remaining on the board? The outgoing local director cannot resign unless a replacement is appointed." Below this, there are three metrics: "< 15 mins" (Form Fill), "4-5 days" (Processing Time), and "Free" (Payment). On the right, a "Steps to expect" section lists: "No payment required", "Sleek Processing Document Letter of resignation", "Pending Signatures", "ACRA Filing", "Sleek Processing Document Board resolution", and "Pending Signatures". At the bottom is a "Create a New Request" button.

- [Responsibilities of a Singapore Company Director](#) (5min Read)
- [What is a Nominee Director & why might I need to use one?](#) (4 min Read)
- [Types of Insurance Every Company Needs](#) (3 min read)
- [A simple guide to shares for Startups](#) (3 min read)

- Ask your Corporate Secretary to help you resign as director.
- Use a Citizenship/PR to take over the local director role for you or engage a Nominee Director service.
- Leave your employees to take over running the business while you take a back seat as a shareholder. 0% tax on dividends in Singapore.
- Consider [selling your business](#). 0% tax on capital gains in Singapore. Consider stamp duty.

B. Consider closing down your Singapore company

- Closing down a Singapore company is known as a **Strike Off**.
- Striking off a company takes **on average 4 months**.
- A strike-off can only be started once:
 - > A company has no assets or liabilities (including any outstanding fines with the Tax Office - IRAS)
 - > Is not the subject of any outstanding ACRA (the Singapore Company Regulator) matters.
 - > Isn't subject to any insolvency proceedings.



You can check your company's deadlines via ACRA BizFile or ask your Corporate Secretary.

Deadline Examples

IRAS

(Tax Office)

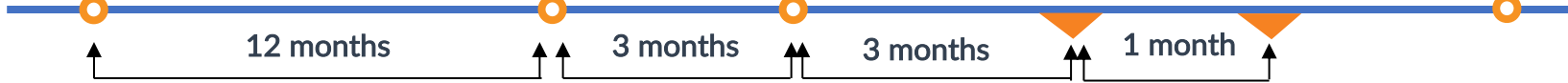
January 2020
Incorporation



31 Dec 2020
Financial Year End



Mar 2021
Estimated
Chargeable
Income (ECI)



30 Nov 2021
e-file
Corporate Tax
Return
(From C-S/C)

ACRA

(Company Regulator)

June 2021
Hold Annual
General Meeting
(AGM)



Financial Statements

July 2021
File Annual
Return (AR)



If Required
(XBRL)

Closing your Singapore company



Steps involved in a Strike Off include:

1. Completing the last set of accounts, zerorizing the corporate bank account and a final tax clearance
2. Applying to ACRA for the Strike-Off procedure
3. 30 days wait-out period, with no members' objections
4. 60 days wait-out period with company name published on Government Gazette, with no creditors' objections
5. Company will be struck-off the company registrar ACRA

More details in our resource: [How to close a Singaporean company](#) (7 min read).

C. Consider your eligibility to set up a company elsewhere

Can a DP holder perform work for an overseas company when they are in Singapore when the clients are not in Singapore?

Our team has checked with MOM and they confirmed there is no restrictions for a DP holder to work for an overseas company as long as the DP holder **does not** conduct any business activities related to the overseas company in Singapore, like business meetings with clients in Singapore.

We strongly advise you to contact MOM or an lawyer to discuss your plans if you are considering registering an overseas based business while you are a resident in Singapore to ensure that you continue to comply with MOM's guidelines.

How can funds be pulled back to Singapore from an overseas business?

Funds can be drawn from an overseas business either as a salary, directors fees or dividends. You should seek personal financial advice to assess your individual situation and any tax liability in Singapore and any overseas jurisdictions. You can check out [Singapore's Double Taxation Agreements](#) to see how you could best leverage any tax provisions or exemptions between Singapore and certain countries.



C. Consider your eligibility to set up a company elsewhere

- [Starting a business: Singapore vs Hong Kong](#) (8 min read)
- [Starting a business: Singapore vs India](#) (9 min read)
- [Starting a business: Singapore vs Thailand](#) (5 min read)
- [Setting a business: Singapore vs Indonesia](#) (6 min read)
- [Starting a business: Singapore vs Malaysia](#) (5 min read)
- [Starting a business: Singapore versus Bangladesh](#) (6 min read)
- [Starting a business: Singapore versus Sri Lanka](#) (7 min read)
- [Starting a business: Singapore versus Vietnam](#) (7 min read)
- [Starting a business: Singapore vs Philippines](#) (6 min read)
- [Setting up a business: Singapore vs New Zealand](#) (5 min read)
- [Starting a business: Singapore versus Australia](#) (4 min read)



Hong Kong Incorporation Example

- **2-3 days incorporation**
- **Company Secretary**
- **Registered Address**
- **Accounting & Audit**
- **NO Local Resident Director Requirement**

Tax Considerations

- Territorial source principle of taxation.
- Only profits arising in or derived from HK taxable.
- Profits sourced elsewhere not subject to HK Tax.
- 0% tax on dividends and capital gains.
- In HK 8.25% on the first HKD \$2 million (USD \$255,000). Flat 16.5% thereafter.

Q & A Session

Q & A

Will MOM still be approving new LOCs and processing LOC renewals from now until the May 1st deadline?

Technically according to how MOM updates their regulation, if they gave a date for the new regulation to take place, there will not be any changes to the existing regulation until the date. Hence, we should still be able to submit, process, and receive outcomes according to the existing regulation for cases submitted before 1 May 2021. However, as many people will be submitting their DP renewal, LOC renewal & LOC application during this period, we should expect a longer processing time by MOM.

If an LOC for a DP business owner is approved before 1st May do they have to hire a local employee immediately?

Technically no, because according to how MOM implement new policy in the past, the new policy only applies to cases after the mentioned date.

Excerpt from Minister Teo's Announcement

C64. For consistency with recent work pass moves, we will also regularise the work arrangements of Dependant's Pass (DP) holders.

- a. The vast majority of DP holders do not work during their stay in Singapore.
- b. DP holders who have sought employment in Singapore via a Letter of Consent (LOC) constitute only about 1% of all Work Pass holders.
- c. From 1 May 2021, DP holders who wish to work during their stay in Singapore will be directed to apply for a relevant work pass, such as an EP, S Pass or Work Permit.
- d. We will provide sufficient time for existing DP holders working on an LOC, as well as their employers, to transit to this new arrangement. Most of them meet prevailing work pass criteria. Those that do not will have to cease working in Singapore.



Transparent | Efficient | Innovative

Book in a time to connect with our team if you would like discuss your options in more detail.

BOOK A CONSULTATION

Write to us at sales@sleek.sg

You can also contact MOM's Work Pass Division at Tel: 6438 5122 or submit an [online](#) enquiry if you have further queries.