



DEZAN SHIRA & ASSOCIATES

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Singapore: Key Changes to the Employment Act

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Section 1:

**Extension of Core
Provisions of the
Employment Act to All
Employees**



Extension of Core Provisions of the Employment Act

Current Employment Act (“EA”)

- All employees under a contract of service with an employer are covered, but there are exceptions.
- The current group of employees covered under the core provisions of the EA are:
 - Workmen (i.e. manual labour workers or blue-collar workers)
 - Non-workmen, who are non managers and executives (i.e. rank and file white collar workers)
 - **Managers and executives (M&Es) earning up to S\$4,500 a month**
- With the growing proportion of PMETs, the Singapore government will remove the S\$4,500 salary threshold for M&Es.

Amended EA

- Salary thresholds for M&Es will be removed
- M&Es earning above S\$4,500 a month will be entitled to core provisions of the EA, including:
 - Minimum 7 – 14 days of paid annual leave;
 - Paid public holidays and sick leave;
 - Timely payment of salary
 - Protection against wrongful dismissals

Section 2:

**Extension of Part IV of
the Employment Act to
Protect More Employees**



Extension of Part IV of the Employment Act to Protect More Employees

What is the Part IV of the EA and who does it cover currently?

- Part IV of the EA provides for **rest days, hours of work, annual leave** and other conditions of service, **and does not cover all managers or executives.**
- Part IV only applies to:
 - Workmen (i.e. manual labour workers or blue-collar workers) earning a basic monthly salary up to S\$4,500;
 - Non-workmen, who earns a monthly basic salary **up to S\$2,500**
- The overtime rate payable for non-workmen is also currently capped at **S\$2,250 per month**

Extension of Part IV of the EA:

- With the extension of Part IV, there is additional protection on **rest days, hours of work, annual leave for:**
 - Non-workmen, who earns a monthly basic salary up to S\$2,600
 - Workmen (i.e. manual labour workers or blue-collar workers) earning a basic monthly salary up to S\$4,500;
- The overtime rate payable for non-workmen will be capped at **S\$2,600 per month**

Section 3:

Enhanced Flexibility for Employers



Enhanced Flexibility for Employers

1. Time-off options for working on public holidays to more employees:

Changes to the Employment Practices Under the Amended EA

- Like the core provisions, compensation for work done on public holidays now has been extended to all employees.

Before Amendments to EA	After Amendments to EA
<p><u>All workmen (no salary cap); and Non-workmen (no salary cap):</u></p> <ul style="list-style-type: none"> • Extra day's salary; or • Full day off 	<p><u>Workmen earning up to S\$4,500/month; and Non-workmen earning up to S\$2,600/month:</u></p> <ul style="list-style-type: none"> • Extra day's salary; or • Full day off
<p><u>For M&Es earning up to \$4,500/month:</u></p> <ul style="list-style-type: none"> • Extra day's salary; or • Full day off; or • Time-off (less than full day) 	<p><u>For M&Es earning more than \$4,500/month; Non-workmen earning more than S\$2,600/month:</u></p> <ul style="list-style-type: none"> • Extra day's salary; or • Full day off; or • Time-off (less than full day)

Enhanced Flexibility for Employers

2. Adopt less prescriptive approach for authorized deductions

Current Employment Act (“EA”)

- The EA limits the type of salary deductions that employers can make, such as absence from work or damaging or losing goods entrusted to the employee

Amended Employment Act (“EA”)

- Salary deductions will only be allowed if 2 conditions are fulfilled:
 - Employee must consent to the deduction in writing; and
 - The employer must enable the employee to withdraw his/her consent at any time, without penalty
- This approach would allow employers and employees greater flexibility to arrange for mutually agreed deductions. At the same time, employees’ interests continue to be protected.
- Deductions still cannot constitute more than 50% of the employee’s total salary for any one salary period.

Section 4:

Enhancement of the Employment Dispute Resolution Framework



Enhancement of the Employment Dispute Resolution Framework

1. Transfer of Adjudication Function to ECT for Wrongful Dismissal Claims

Current Employment Dispute Resolution

- The Tripartite Alliance for Dispute Management (“TADM”) provides for salary-related claims, employment disputes such as a wrongful dismissal
- TADM provides mediation services to resolve disputes before any claims can be heard at the Employment Claims Tribunals (“ECT”)
- Currently, salary-related disputes are adjudicated by the ECT, while employment disputes are adjudicated by the Ministry of Manpower (“MOM”).
- In most cases, both disputes are normally lodged together or are often related

Amended Employment Dispute Resolution

- To provide employers and employees a “one-stop service”, the adjudication of wrongful dismissals will now be shifted from the MOM to the ECT.
- In line with this new approach, the MOM will also include the coverage of the wrongful dismissal claims in the Tripartite Mediation Framework

Enhancement of the Employment Dispute Resolution Framework

2. Reduction of Qualifying Period for Wrongful Dismissal Protection for PMEs

What is a Wrongful Dismissal?

A wrongful dismissal happens when an employee is dismissed without just or sufficient cause. This includes:

- Dismissal on discriminatory grounds
- Dismissal to deprive an employee of benefits or entitlements
- Dismissal to punish an employee for exercising a right

Current Employment Dispute Resolution

- PMEs would only be eligible to claim for wrongful dismissal if they have served the employer for at least 12 months

Amended Employment Dispute Resolution

- PMEs would only be eligible to claim for wrongful dismissal if they have served the employer for at least 6 months

Section 5:

Other Amendments to the Employment Act



Other Amendments to the Employment Act

Recognize medical certificates from all doctors for paid sick leave and clarification on hospitalization

Employment Practice Under the Current EA

- Today, employers are required under the EA to accord paid sick leave only if the medical certificate (MC) is issued by Government and company-appointed doctors.

Amended Employment Practice under the Amended EA

- Requiring employers to recognize medical certificates for being unfit to work from all doctors, instead of only those issued by Government and company-appointed doctors
- Further clarifications were provided on the coverage of paid-hospitalization leave to include:
 - The period of hospitalization;
 - The period of recuperation after being discharged from the hospital; and
 - Situations whereby the patient is ill enough to require hospitalization, but is not hospitalized
- Employers will be required to recognize MCs for the purpose of granting hospitalization leave. In some cases, hospitalization may be required but the employee may prefer to rest at home.



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