



**Pro Bono
Centre**

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Salary and Leave Arrangements Guide

I. Introduction

As unemployment and retrenchment numbers grow in the latter part of 2020 due to the effects of the COVID-19 pandemic, employers and employees should know their options when faced with company downsizing or cost-cutting measures. Singapore's Small and Medium Enterprises ("SMEs") have been particularly hard hit and large local or multinational companies are also greatly impacted due to delayed or reduced investments and falling demand for products and services. Furthermore, the tourism sector is impeded from bouncing back due to a possible resurgence in COVID-19 infections in Singapore's trading partners.



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II. Salary and leave arrangements for local employees

Employers and local employees should work together with Government support to reach suitable salary and leave arrangements.

A. Jobs Support Scheme

The Jobs Support Scheme (“JSS”) provides and co-funds between 25% to 75% of local employees’ gross monthly wages of up to \$4,600 to support enterprises. These payouts to the employer are intended to offset and protect local employees’ wages. Employers will automatically receive the funds in April, July and October 2020 with an additional special payout in May 2020. The level of support depends on the sector in which the employer operates.

As of 17 August 2020, the JSS will cover wages paid up to March 2021. The additional support will be paid out by March and June 2021. The tiers of supports for September 2020 to March 2021 have been adjusted as shown in table 1.

Tier		Extended JSS Support (Sep 2020 – Mar 2021 wages)
Tier 1 ^{1, 2}		50%
Tier 2		30%
Tier 3	Tier 3A	10%
	Tier 3B ³	10% only for Sep – Dec 2020 wages 0% for Jan – Mar 2021 wages

Table 1

Employers must not abuse the JSS scheme or they may be charged under Section 420 of the Penal Code and may face up to 10 years of imprisonment and a fine. Some examples of abuse include making of purported mandatory CPF contributions for non-genuine employees or for continuing purported mandatory CPF contributions even though the employees have already been retrenched or are on no-pay leave.

Click this link for more details :

<https://www.iras.gov.sg/irashome/schemes/businesses/jobs->



[support-scheme--JSS-/](#)

B. Training Courses

Employers may consider sending employees for relevant training courses approved for Absentee Payroll Funding so that the overall salary paid to the employee during the training period is mostly born by the Government. The Absentee Payroll Funding is a grant given by the Government which pays employees for their time spent upskilling at certifiable skills training courses.

Click this link for more details :

<https://www.skillsconnect.gov.sg/sop/portal/e-Services/For%20Employers/AbsenteePayroll.jsp>

C. Flexible Work Schedule

Employers may apply for the Flexible Work Schedule to exempt the company from paying salary rates to employees for overtime, rest day and public holiday work. This allows cost savings and minimises retrenchment of excess employees. A successful application allows for a varied or exempted rate for relevant pay for a maximum period of 2 years at a time.

Click this link for more details :

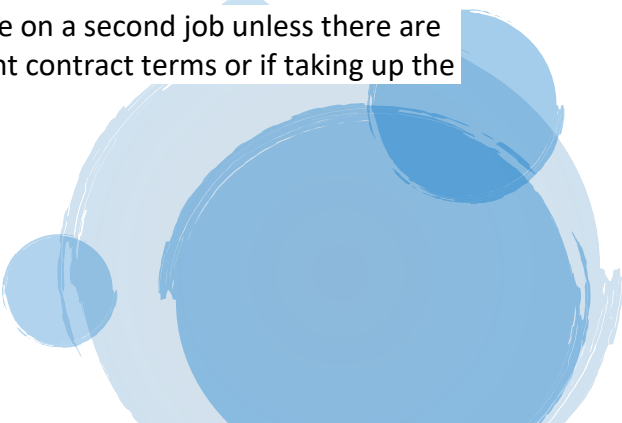
<https://www.mom.gov.sg/employment-practices/flexible-work-schedule>


D. Employee Leave

Employers may consider allowing employees to use their existing leave entitlements when there is an excess of manpower to save costs. This helps reduce operational costs in the short term and allows employees to utilise their entitlements fully.

E. Second Job

Generally, employees may take on a second job unless there are prohibitions in the employment contract terms or if taking up the





second job present a conflict of interest with their current employment.

Click this link for more details : <https://www.mom.gov.sg/covid-19/second-job-arrangements>

III. Salary arrangements for foreign employees

A. Legal Obligation to Work Permit holders

Employers have a legal obligation to provide upkeep and maintenance for employees who hold Work Permits while they are in Singapore. Employers should always ensure that the well-being of their foreign employees in Singapore.


B. Prevailing Salaries

Full-time foreign employees must be paid their prevailing rates even in the face of poor business. Employers may consider allowing employees to utilise their existing leave entitlements, redeploy the affected employees to another role within the establishment, provide employees with relevant training in preparation of full resumption of business, or apply for Flexible Work Schedule (FWS) which pays for unworked hours to offset future overtime payments.

If prevailing salaries cannot be paid due to the need to reduce cost, employers are required to obtain the written consent of the employee in this situation. An example of being unable to pay prevailing salaries is when a foreign employee is placed on no-pay leave for an extended period.

C. Salary reductions post-circuit breaker

Employers that implement salary reduction post-Circuit Breaker must continue to update MOM if the cost-saving measures result in more than 25% salary monthly reduction in businesses with at least 10 employees.





IV. Retrenchment

Employers and employees should work together to minimise retrenchment by examining the following points.

A. Job Support Scheme before retrenchment is considered

The Job Support Scheme (JSS) include employers receiving 4 pay-outs in April, May, July and October 2020, with enhanced pay-outs in April and May at 75% of monthly wages.

B. Employers in sound financial position

Businesses in a healthy financial position should continue to pay retrenchment benefits according to their existing employment contracts, collective agreements, memorandum of understanding or any prevailing norms.

C. Employers who are severely affected

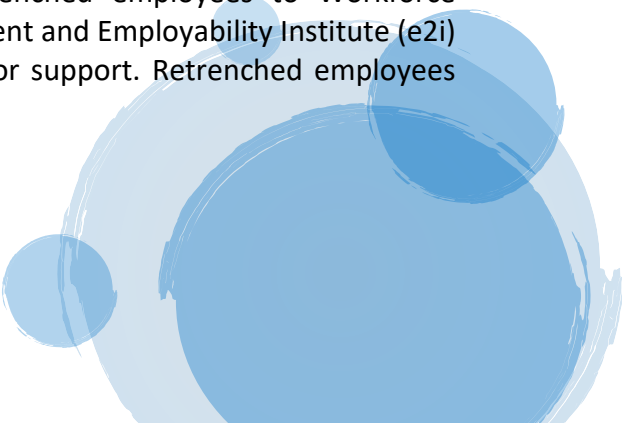
Businesses who are severely affected should work with the union or the employees to renegotiate for a fair and mutually agreed upon retrenchment benefits.

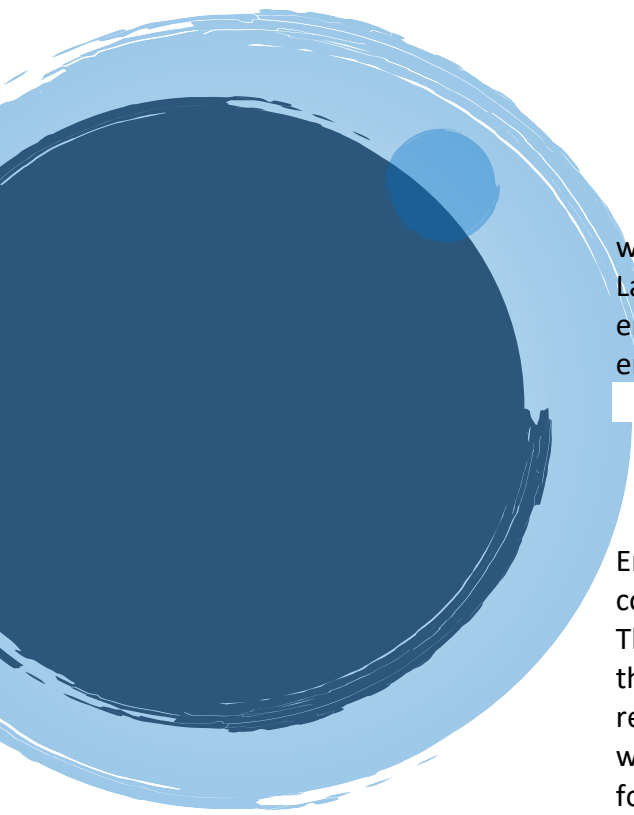
D. Lower wage employees

Lower wage employees refer to employees eligible for Workfare Income Supplement. Support can be given to them by providing more weeks of retrenchment benefit pay-out per year. More importantly, employers should consider the impact of retrenchment on these employees before finalising it.

E. Support for retrenched employees

Employers should refer retrenched employees to Workforce Singapore (WSG) or Employment and Employability Institute (e2i) for employment facilitation for support. Retrenched employees





who are eligible can also apply for the COVID-19 Support Grant. Lastly, businesses undergoing retrenchment exercise should engage NTUC's Job Security Council which offers support to both employers and retrenched employees.

V. Conclusion

Employers should ensure the well-being of their employees by considering the impact of retrenchment to their everyday lives. This can be done by looking into other ways of cutting costs during the pandemic instead of turning to retrenchment as the first resort. Intentions to retrench employees should be discussed with work unions for fair negotiations. If retrenchment must be done for the survival of the business, it is important that employers alert staff of intentions to retrench and give ample notice. It is essential that the business notifies MOM of the retrenchment as well. Next, businesses should pay retrenchment benefits to ensure that they receive the support after being displaced from their jobs. Lastly, emotional and counselling assistance should be provided to support retrenched staff.

Retrenched employees should take the initiative to seek out other jobs by approaching Workforce Singapore (WSG) or Employment and Employability Institute (e2i) for employment facilitation and support. Retrenched employees who are eligible can also apply for the COVID-19 Support Grant for additional financial support. Employees should be clear on their employment rights and ensure that fair retrenchment benefits have been given to them.

The information in this article is correct as of September 2020

This Article was written by Reuben Teng

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