

Amendments to Minimum Salary Thresholds for Singapore Employment Pass and S Pass Applications and Renewals

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Following close observation of the impact that the COVID-19 pandemic has had on the Singapore labour market, Singapore's Ministry of Manpower (the MOM) has decided to make adjustments to certain foreign workforce policies. The changes include a raise to the minimum salary thresholds for both new Employment Pass and S Pass applicants, as well as renewal applicants. Notably, these amendments, some of which come into effect as early as 1 September 2020, are the second time this year that the minimum salary thresholds for both Employment Pass and S Pass applicants are being raised.

IMPACT ON EMPLOYMENT PASS APPLICATIONS

The Employment Pass is a type of work pass that allows foreign professionals, managers and executives to work in Singapore. The eligibility criteria for an Employment Pass includes having the applicant working a managerial, executive or specialized job, meeting a minimum salary threshold and having acceptable qualifications and professional or specialized skills.

From 1 September 2020, the Employment Pass minimum salary threshold will be raised from S\$3,900 to S\$4,500 for new applications. Additionally, from 1 December 2020 the minimum salary threshold for new applicants in the Financial Services sector will be further raised to S\$5,000. The salary criteria for older and more experienced applicants in their 40s will similarly be raised to reflect their experience and qualifications.

The aforementioned minimum salary requirements will apply to all renewal applicants from 1 May 2021.

IMPACT ON S PASS APPLICATIONS

The S Pass is a type of work pass that allows foreign, mid-skilled staff to work in Singapore. The eligibility criteria for an S Pass application includes the applicant meeting a minimum salary threshold, having a degree or diploma and having the relevant work experience.

From 1 October 2020, the S Pass minimum salary threshold will be raised from S\$2,400 to S\$2,500 for new applications. The new minimum salary requirement will apply to all renewal applicants from 1 May 2021.

The MOM has also clarified that presently there are no amendments being made to foreign employee levies and quotas.

LEGISLATIVE INTENTION

The legislative intent behind the above amendments is quite clear, which is to further support employment opportunities for local employees, especially the local Professionals, Managers, Executives and Technicians (or PMETs), which are the types of jobs most Employment Pass and S Pass applications would relate to. This is against the backdrop of a sluggish job market and increased unemployment in the local workforce, as the effects of the COVID-19 pandemic takes its toll on the economy and with many companies restructuring their workforce to cope with the ensuing economic fallout.

It is also apparent that the government has taken pains to ensure that these are adjusted incrementally so as to try to balance the aim of having a workforce with a strong Singapore core, while at the same time not stifling a company's growth opportunities, which could require talent from a diverse pool.

WHAT THIS MEANS FOR EMPLOYERS IN SINGAPORE

As the MOM will only consider work pass applicants who are able to satisfy the relevant eligibility criteria, employers who wish to bring in foreign employees should ensure that they are able to meet the salary requirements for the said candidate. With the increased salary requirements for foreigners to obtain the relevant work passes, there would be a greater chance that a local candidate with similar skillsets and experience may be less expensive for an employer to hire than the foreigner.

For employers with employees who are currently Employment Pass or S Pass holders and who will not be able to meet the minimum salary thresholds by 1 May 2021, consideration should be given to re-evaluating the employee's work pass type.

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