

## Recent developments in the Employment Landscape – Singapore: What employers need to know to stay compliant



### I. Introduction

Similarly to other developed countries, the Singapore labour market faces challenges such as population aging, economic challenges and requests for flexible working arrangements. In order to keep up with the developments, the Singapore government has introduced several amendments which are due to come into effect in the coming months. This newsletter intends to provide an insight on the latest developments and changes to the employment landscape in Singapore.

### II. Rise of retirement and re-employment ages

#### 1. General Information

By 2030, Singapore will have one in four citizens aged 65 and above. In comparison to other countries of the Organization for Economic Cooperation and Development (OECD), Singapore has the highest employment rate for workers aged 65 to 69. Hence, due to longer life expectancy and in order to address the lack of manpower in certain fields, the Singapore

government announced in 2019 its plan to increase, by 2030, the retirement age from 62 to 65 and the re-employment age from 67 to 70.

#### 2. Retirement age

Under the prevailing framework, employers are generally not able to terminate an employee on the grounds of age before the statutory requirement age, which is currently at 63, following a first amendment in 2022. 1 July 2026 will mark the second effective step as the retirement age will increase by one year, reaching the age of 64.

#### 3. Re-employment age

Similarly to the retirement age, the re-employment age is scheduled to rise to 69 in 2026. In accordance with the prevailing regulations, employers have to offer re-employment to workers who wish to continue working and are able to do so.

Simultaneously, the Ministry of Manpower (MOM) will give special assistance to employers who hire senior workers and help them update their skillset. For example, the “Part-Time Re-Employment Grant”, which gives up to SGD 125,000 to employers who hire older workers on a part-time basis after they reach retirement age, can be used to provide career training for them. In addition, employers may obtain financial support through the “Senior Employment Credit” scheme which offsets wages for Singaporean workers aged 60 and above and earning up to SGD 4,000 per month.

### III. MOM guidelines on restrictive employment clauses

MOM, along with labour unions and employers, is currently drafting highly anticipated guidelines on restrictive employment clauses, which are to be released in the second half of 2024. The new guidelines are expected to deal with the reasonable use of non-compete clauses, also known as restraint of trade clauses, and will complement the existing framework consisting of the Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment, and the Tripartite Guidelines on Mandatory Retrenchment Notifications. The intent is to protect retrenched employees from overly restrictive employment contracts which hinder them from finding employment, while still safeguarding the legitimate business interests of companies which may need to adapt to market changes.

Employers and employees are strongly advised to watch this space as the guidelines could have quite an impact on respective clauses in existing employment agreements and agreement templates, which may require amendments to stay compliant with the new guidelines.

### IV. New Tripartite guidelines on Flexible Work Arrangement (FWA) requests

#### 1. Introduction

As more and more job-seekers, especially the younger generations, are making work flexibility a business imperative, the Singapore government has introduced new guidelines for employers.

From 1 December 2024, employees will be allowed to request flexible work arrangements from their employers in terms of workload, working hours and place of work. Currently, it is not mandatory for companies to have such processes, although some workplaces have already set up similar ways to process employees' requests. The guidelines of this new framework have been published on 16 April 2024 by a workgroup consisting of various agencies including MOM, the National Trades Union Congress and the Singapore National Employers Federation. They include templates for employees to submit a formal FWA request and for employers to respond to such requests.

#### 2. Key measures

The types of flexi-workings arrangements can be divided into three broad categories:

- Flexi-place: where employees work flexibly from different locations aside from their usual office location (e.g. telecommuting, remote working...)
- Flexi-time: where employees work flexibly at different timings without changing their total work hours and workload (e.g. flexi-hours, staggered hours, flexi-shift, compressed work schedule)
- Flexi-load: where employees work flexibly with different workloads and with commensurate remuneration (e.g. job sharing, part-time work)

While it is not mandatory for companies to offer flex-work arrangements, under the new guidelines, all employers should have a process in place to properly consider such formal FWA requests. When assessing an employee's FWA request, employers should focus on factors related to the employee's job, as well as how the requested FWA may affect the business or the employee's performance of the job. Employers have the prerogative to reject employees' FWA requests, but this should be based on reasonable business grounds such as feasibility or practicability, cost, impact on productivity or output.

Employees whose employers do not adhere to the new guidelines can approach the Tripartite Alliance for Fair and Progressive Employment Practices (Tafep), the labour movement or their respective unions for advice and assistance. While not stated in the guidelines, MOM has stated in a media

statement that it may issue a warning and require the employer to attend corrective workshops should they be found to be recalcitrant and/or be willfully refusing to comply with the guidelines.

## V. Compensation for workplace related injuries and fatalities

### 1. Introduction

On 8 February 2024, MOM announced an upcoming increase of the compensation limits in the Work Injury Compensation Act 2019 (WICA)<sup>1</sup>. These revisions, which will take effect from 1 November 2025, aim to keep pace with wage growth and rising healthcare costs, considering that the compensation limits were last updated in 2020. WICA enables employees to make claims for work related injuries or diseases, without having to file a civil suit under common law. The injured party is able to file claims for up to a year from the accident.

### 2. Compensation limits increase

Under the new system, employers will face higher payouts when their staff suffers a workplace related injury. The maximum compensation for workers suffering permanent incapacity will increase by about 19%, from SGD 289,000 to SGD 346,000, while the maximum compensation for death will reach SGD 269,000. Lastly, the compensation limits for medical expenses will increase by 17% to SGD 53,000.

#### Revised compensation limits from 1 November 2025

Type	Limit	Current limit	New limit
Death	Maximum	SGD 225,000	SGD 269,000
	Minimum	SGD 76,000	SGD 91,000
Permanent Incapacity (PI)*	Maximum	SGD 289,000	SGD 346,000
	Minimum	SGD 97,000	SGD 116,000
Medical expenses		SGD 45,000 or medical expenses incurred up to one year from the date of the accident, whichever is reached first	SGD 53,000 or medical expenses incurred up to one year from the date of the accident, whichever is reached first

Source: Ministry of Manpower<sup>2</sup>



<sup>1</sup> The Work Injury Compensation Act is available at <https://sso.agc.gov.sg/Act/WICA2019?ProvIds=pr37->

<sup>2</sup> <https://www.mom.gov.sg/newsroom/press-releases/2024/0802-higher-compensation-limits-under-the-work-injury-compensation-act>

## VI. Further adjustments to Employment Pass requirements

### 1. General information on Employment Pass

The Employment Pass (EP) is a work permit for foreign professionals, managers and executives. It is valid for two years for first-time candidates and is renewable. As of now, the minimum qualifying monthly salary is set at SGD 5,000 – except in the financial services sector where it is set at SGD 5,600 – and increases progressively with age.

### 2. Minimum fixed monthly salary increase

From 1 January 2025 onwards, the minimum fixed monthly salary for new EP applications will be increased to SGD 5,600 in all sectors except financial services where it will be increased to SGD 6,200. The changes were made to adapt the cost of hiring EP holders to what the top one-third of local professionals, managers, executives and technicians earn. For renewals, the new thresholds will apply to EPs that are expiring from 1 January 2026.

### 3. Marine shipyard sector

Changes are also expected in the marine shipyard sector from 1 January 2026 onwards. Companies will only be allowed to hire a maximum of three work permit holders for each local employee, compared to 3.5 currently. This is to ensure that firms develop their local workforce and treat Singaporeans equally, while also attracting foreign top talents.

### 4. Complementarity assessment (Compass) framework

In addition, the “Compass” framework will be extended to renewals from 1 September 2024. Compass is a transparent point-based system used to assess an EP application. It is based on four major criteria: the individual’s salary and qualifications, as well as the firm’s workforce diversity and support for local employment.

## VII. Reflection: one year of Singapore’s One Pass for top foreign talents

Last January, the “Overseas Networks and Expertise (One) Pass” celebrated its one year anniversary. Such a pass is intended for “top talents in business, arts and culture, sports, academia and research”. It is valid for five years for first time

candidates and after renewal for additional five years. In order to be eligible, candidates either need to have worked in a Singapore company or an established company overseas for at least one year and earned a fixed monthly salary of at least SGD 30,000 (or its equivalent in foreign currency) or will earn a fixed monthly salary of at least SGD 30,000 under an established company based in Singapore. Applicants may also qualify for the pass through outstanding achievements in sports, arts and culture, academia and research.

So far, the launch of this new pass can be seen as a success, with almost 4,200 approved applications in its first year. The Singapore government sees such Pass holders as an opportunity to generate employment for Singaporeans either through their own venture or through anchoring business in Singapore.

## VIII. Conclusion

In the ongoing and the following few years, several changes in different areas of the Singapore employment landscape will be introduced. Employers are well advised to keep track of the latest developments and to prepare measures for an efficient implementation of new regulations to stay compliant in the new regulatory environment.

Our team of international and Singapore lawyers is happy to assist if any queries arise.

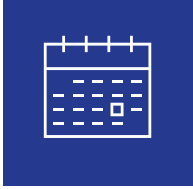
## Your Contact



**Dr Maximilian Kressner,**  
**M.Jur. (Oxford)**  
**Partner**  
**Rechtsanwalt / Attorney-at-Law (Germany),**  
**Registered Foreign Lawyer (Singapore),**  
**Commercial Mediator (MuCDR)**  
**T +65 6408 8000**  
**M +65 9772 6288**  
**maximilian.kressner@luther-lawfirm.com**

We thank Constance Valsemay for her contributions.

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