

Changes to the Singapore Employment Act

By Consilium Law Corporation

The Singapore Employment Act (the “Act”) is currently in the process of being amended and various changes will take effect in early 2014. The ‘Employment Act Amendment Bill’ will be voted on by Parliament by end of 2013. If the Bill is passed by Parliament, which it is expected to be, the changes would come into effect in early 2014. These changes are substantial and will, for example, have an effect on as many as 300,000 professionals, managers and executives in Singapore. This article outlines four substantial changes to the Act that are expected.

Greater Protection for Professionals, Managers and Executives (“PMEs”)

A significant amendment to the Act is in relation to the Act’s coverage of PMEs. One amendment to the Act is in relation to PMEs who earns up to S\$4,500 a month (whereas the previous cut off salary was \$2500). These PMEs will now receive certain protections such as sick leave benefits and be safeguarded against unfair dismissal by an employer. It is estimated that up to 300,000 PMEs will benefit from this amendment to the Act.

Medical and Sick Leave Procedures

Currently, employers are required to pay for medical examination expenses and sick leave for employees covered under the Act. The proposed changes to the Act would exempt employers from being required to pay medical expenses and pay sick live for cosmetic procedures that are not *medically necessary*. Some legal practitioners, however, have commented on the possible challenges in defining a “medically necessary procedure”.

Salary Records and Payslips

At present, salary records and payslips are only required to be issued and kept for workmen, but not for all other employers. The proposed amendments to the Act will require employers to create and maintain payslips and employment records for all employees who fall under the scope of the Act. However, this amendment will create HR related headaches for large companies in Singapore that, for example, have hundreds of employees. This burdensome requirement may result in companies having to hire additional HR staff; regularly print, issue and save payslips and records; and generally bear more expenses. Furthermore, the Act does not stipulate whether companies can issue electronic payslips and records in lieu of paper copies, which would be more environmentally friendly. Companies await further clarification on this matter.

Overtime Increase for Non-Manual Workers

Another of the amendments to the Act relates to the increase of the eligibility of overtime pay to non-manual workers. Currently non-manual workers are eligible for overtime pay if their salary is S\$2,000 a month or below. The proposed amendment will increase the overtime pay eligibility up to S\$2,500 a month. Up to 150,000 non-manual workers are likely to benefit from this amendment.

The Singapore government is trying to balance the interests of employers and employees in making the new amendments.