



Guidelines for employers of foreign workers

HOW TO CALCULATE YOUR QUOTA AND LEVY BILL

About this booklet

You can use MOM's online tool to calculate your quota instantly by clicking [here](#).

This booklet is designed to help you estimate levy payments and understand how MOM calculates quota, so that you can make informed business decisions.

Quotas and levies are applied to all work permit and S Pass holders to encourage employers to hire local employees.

Local full time employees are defined as Singaporeans and Permanent Residents (PRs) who earn at least \$1,000 per month. Local part time employees are defined as Singaporeans and PRs who earn at least \$500 per month. For MOM's purposes, two part time employees count as one full time employee. Employees here refer to the staff employed by your company under a contract of service.

Employment Pass (EP) holders do not affect MOM's calculations.

Notes

MOM uses your company's Central Provident Fund (CPF) account to determine your local workforce and then uses that data to calculate your foreign worker quota.

To cater for minor fluctuations in the number of local workers you employ, we look at the average of CPF contributions over a three-month period. If you make the CPF contributions by the 14th of the same month, it will be included in next month's quota calculation. For example, if you pay your employees' July contributions by 14 July, it will be included in your quota for August. The quota for August will be worked out using May, June and July's CPF contributions. This way, companies that have recruited locals recently will be able to see their quota updated earlier.

However, we also understand that some companies' preferred practice is to make CPF contributions for their employees in the next month, i.e. CPF contributions for July are made in August. For those, MOM adopts the same method of a 3-month average to compute the foreign worker quota. The difference is when the foreign worker quota is updated. Using the example of employees' July contributions that are made in August, the foreign worker quota in August will then be worked out using April, May and June's CPF contributions.

How to calculate your quota and levy bill

Updated 19 August 2014

Important

Any late payment or default of CPF contributions will affect your foreign worker quota. MOM will not consider late CPF contributions in our calculations, even if you later catch up your arrears and pay any interest or fines due.

Once you have exceeded your quota, new applications and renewals of your work passes (both Work Permit and S Pass) may be rejected. If you are persistently above your quota, MOM will also cancel your excess work passes.

Further, local employees who receive CPF contributions from three or more employers will not be considered when computing the quota. Locals who work in a full-time job for one employer and take a part-time job for another will not be affected.

How to calculate your quota and levy bill

Updated 19 August 2014

Quota and Levy Rates

The number of S Pass holders and Work Permit holders that a company is allowed to hire is limited by quota (or Dependency Ratio Ceiling) and subject to levy. The levy rates vary from industry sector to industry sector and the rates are tiered so that those who hire close to the maximum quota will pay higher levy. In general, the more foreign workers you hire, the higher your foreign workers' levy rate and your levy bill. The table below outlines the quota, levy rates and levy tiers for the different industry sectors.

Pass type	Tiers	Percentage	Levy rate (skilled / unskilled)
S Pass Quota: 20% [Exclude Services sector]	Basic/ Tier 1	≤ 10%	\$315
	Tier 2	> 10 to ≤ 20%	\$550
S Pass Quota: 15% [Services sector]	Basic/ Tier 1	≤ 10%	\$315
	Tier 2	> 10 to ≤ 15%	\$550
Work Permits			
Manufacturing Quota: 60%	Basic/ Tier 1	≤ 25%	\$250 / \$370
	Tier 2	> 25 to ≤ 50%	\$350 / \$470
	Tier 3	> 50 to ≤ 60%	\$550 / \$650
Services Quota: 40 %	Basic/ Tier 1	≤ 10 %	\$300 / \$420
	Tier 2	> 10 to ≤ 25%	\$400 / \$550
	Tier 3	> 25 to ≤ 40 %	\$600 / \$700
Construction Quota: 87.5%	Higher skilled / Basic skilled on MYE	≤ 87.5%	\$300 / \$550
	Higher skilled / Basic skilled on MYE-waiver		\$700 / \$950
Process Quota: 87.5%	MYE	≤ 87.5%	\$300 / \$450
	MYE-waiver		\$600 / \$750
Marine Quota: 83.3%	Basic Tier	≤ 83.3%	\$300 / \$400
These levy rates are valid from 1 July 2014 – 30 June 2015.			

Step 1: Calculate the maximum number of foreign workers you can hire

The number of local full time employees (FTEs) you currently hire determines the maximum number of foreign workers (FWs) you can hire, depending on your industry sector.

Sector	Quota	Max No. of FWs = $\frac{\text{Local FTE} \times \text{DRC}\%}{(100\% - \text{DRC}\%)}$
Construction	87.5%	Local FTE x 7
Process	87.5%	Local FTE x 7
Marine	83.3%	Local FTE x 5
Manufacturing	60%	Local FTE x 1.5
Service	40 %	Local FTE x 0.666667

Note:
Round down fractions:
 e.g. In manufacturing, 3 **local FTE** x 1.5 = 4.5, so the max no. of FWs will be 4.

Illustration:

Mr Tan runs a factory, licensed by AVA, producing nonya kueh. He supplies various hotels and cafes.

He employs 20 full-time locals and 10 Malaysian work permit holders in his factory. Of the 10 work permit holders, 8 are skilled workers while the other 2 are classified as unskilled.

He is thinking of expanding his factory, but he is not sure how many more foreign workers he can hire.

Mr Tan's factory is in the Manufacturing Sector; so his quota is 60%.

Step 1:

$$\text{Max no of FWs} = 20 \text{ Local FTE} \times 1.5 = \mathbf{30 \text{ FWs}}$$

So Mr Tan can hire 20 more foreign workers before he reaches his quota.

Step 2: Calculate your total workforce

Your total workforce is just the number of local full time employees you have added to the number of foreign workers you have. You should make sure that this figure does not exceed the maximum you are allowed.

Important

When companies lose local employees, for whatever reason, the number of foreign workers they are allowed to employ will go down. If this happens to you, make sure that your company hires more locals or reduces its number of foreign workers so that you do not exceed your quota.

Illustration:

If Mr Tan is allowed to hire 20 more FWs.

His maximum total workforce:
20 local FTEs + 30 FWs = **50**

But Mr Tan wants to phase his expansion plan, so he only hires another 12 FWs in phase 1:

His actual total workforce:
20 local FTEs + 22 FWs = **42**

Step 2:

Mr Tan's total workforce = **42**

Step 3: Calculate the number of S Passes you can hire

The sub-quota for S Passes is 15% in the Services sector and 20% in the other sectors. This means that 20% (or 15% if you are in the Services sector) of your total workforce can be S Pass holders. This is counted within your total quota for foreign workers.

Manufacturing, Construction, Process, Marine sectors:

$$\text{S Pass sub-quota} = 20\% \times (\text{total workforce} + 1)$$

Services sector:

$$\text{S Pass sub-quota} = 15\% \times (\text{total workforce} + 1)$$

Why do we add 1?

We add 1 to take into account the prospective candidate.

Illustration:

Ah Lai, one of Mr Tan's 8 skilled Malaysian work permit holders, has been working for him for many years. Ah Lai is hardworking and respected amongst his colleagues.

Mr Tan promotes Ah Lai to become a supervisor and wants to upgrade Ah Lai to an S Pass. Does he have enough quota?

Step 3:

$$\text{No. of S Passes} = 20\% \times (\text{total workforce} + 1) (43) = \mathbf{8 \text{ S Passes}}$$

So Mr Tan is well within his S Pass quota.

For the Manufacturing and Services sectors only

Step 4: Calculate the number of PRC foreign workers you can hire

There are different sub-quotas for workers from the People's Republic of China (PRC) in the Manufacturing and Services sectors.

PRC Manufacturing Sector sub-quota = $25\% \times (\text{total workforce} + 1)$

PRC Services Sector sub-quota = $8\% \times (\text{total workforce} + 1)$

Illustration:

As Mr Tan finds it difficult to recruit Malaysians, he plans to hire some PRC workers instead. How many PRC workers can he hire?

Step 4:

No of PRC work permit holders in Manufacturing:
 25% of total workforce (43) = **10**

For the Manufacturing and Services sectors only

Step 5: Calculate the number of FWs under each levy tier.

Use this table to calculate the number of FWs under each levy tier. Remember to round down. There are no levy tiers for the Construction, Process and Marine sectors.

Levy Tiers	Manufacturing Sector	Service Sector
Tier 1	$T_1 = 25\% \times \text{total workforce}$	$T_1 = 10\% \times \text{total workforce}$
Tier 2	$T_2 = (50\% \times \text{total workforce}) - T_1$	$T_2 = (25\% \times \text{total workforce}) - T_1$
Tier 3	$T_3 = \text{Actual no. of FW} - T_1 - T_2$	$T_3 = \text{Actual no. of FW} - T_1 - T_2$

Illustration:

In the end, Mr Tan managed to hire another 8 Malaysian and 4 PRC WPHs. At this stage, Mr Tan's total workforce of 42 workers consisted of:

- ✓ 20 locals
- ✓ 1 S Pass (Ah Lai)
- ✓ 7 Malaysian WPHs (skilled)
- ✓ 10 Malaysian WPHs (unskilled)
- ✓ 4 PRC WPHs (unskilled)

After recruiting the extra people, Mr Tan wanted to know the number of FWs under each levy tier so that he could work out his total levy bill for the month.

Step 5:

$$\begin{aligned}
 T_1 &= 25\% \times 42 & &= 10 \\
 T_2 &= (50\% \times 42) - 10 & &= 11 \\
 T_3 &= 22 \text{ FWs} - 10 - 11 & &= 1
 \end{aligned}$$

For the Manufacturing and Services sectors only

Step 6: Which tiers for which FWs?

MOM uses this order of priority to see which of your FWs will fall into which tiers.

1. S Pass holders
2. Skilled Work Permit holders
3. Unskilled Work Permit holders

Step 7: Now you can calculate your levy bill

Multiply the number of workers in each Tier by their levy rates:

Levy Tier	Levy Bill for each Tier		Total Levy Bill
Tier 1	$T_1 \times$ Tier 1 Levy Rate	= Levy for Tier 1	Total Levy Bill = Levy for Tier 1 + Levy for Tier 2 + Levy for Tier 3
Tier 2	$T_2 \times$ Tier 2 Levy Rate	= Levy for Tier 2	
Tier 3	$T_3 \times$ Tier 3 Levy Rate	= Levy for Tier 3	

These illustrations assume that all your foreign workers are employed for a full month. However, your actual levy bill will take into account any foreign workers who are employed for less than a month (new workers or those who leave). You will only pay levy for the days that they are employed.

Steps 6 and 7:

$$T_1 = 10 = 1 \text{ S Pass} + 7 \text{ skilled Malaysian WPHs} + 2 \text{ unskilled Malaysian WPHs} = \$2,805$$

(\$315)
(\$250 X 7)
(\$370 X 2)

$$T_2 = 11 = 8 \text{ unskilled Malaysian WPHs} + 3 \text{ unskilled PRC WPHs} = \$5,170$$

(\$470 X 8)
(\$470 X 3)

$$T_3 = 1 = 1 \text{ unskilled PRC WPH} = \$650$$

(\$650)

Mr Tan's total levy bill for the month
= \$2,805 + \$5,170 + \$650 = \$8,625

Manufacturing			
Pass type	Tiers	Percentage	Levy rate (skilled / unskilled)
S Pass Quota: 20%	Basic/ Tier 1	≤ 10%	\$315
	Tier 2	> 10 to ≤ 20%	\$550
Work Permit Quota: 60%	Basic/ Tier 1	≤ 25%	\$250 / \$370
	Tier 2	> 25 to ≤ 50%	\$350 / \$470
	Tier 3	> 50 to ≤ 60%	\$550 / \$650

More examples: How changes to your business affect your quota

Due to the popularity of his nonya kueh, Mr Tan plans to open a café and sell direct to customers. He wants to move 4 of his local staff to run his new café and support them with some of his foreign workers. How this will affect his foreign worker quota?

Step 1: Calculate max no of FWs

Mr Tan's new café is in the Services sector, so he will not be able to use his Manufacturing quota for the café. He will also need to open a Services sector account with the CPF board.

$$\text{Max no of FWs in the cafe} = 4 \text{ local FTEs} \times 0.666667 = \underline{\underline{2 \text{ FWs}}}$$

$$\text{Max no of FWs in the factory} = 16 \text{ local FTEs} \times 1.5 = \underline{\underline{24 \text{ FWs}}}$$

So, with this change, Mr Tan will be able to employ 6 fewer FWs in his factory.

Mr Tan decides to proceed with his plan. He transfers 4 locals and 2 Malaysian FWs to his new café. The remaining 16 locals and 20 foreign workers continue working in the factory.

Step 2: Calculate the total workforce

For his café: total workforce = 4 locals + 2 FWs = **6** (at max quota)

For his factory: total workforce = 16 locals + 20 FWs = **36** (below max quota)

Important:

Even though Mr Tan owns both the café and the factory, he cannot combine the total workforce of both premises when he calculates the quota. This is because they belong to different sectors with different quotas.

How to calculate your quota and levy bill

Updated 19 August 2014

Mr Tan is now worried that, with the transfers, he might not have the quota to continue employing Ah Lai as his S Pass supervisor as well as the PRC foreign workers.

Step 3: Calculate no. of S Passes

For his café: No of S Passes = 15 % of total workforce (7) = **1 S Pass**

For his factory: No of S Passes = 20 % of total workforce (37) = **7 S Passes**

Mr Tan still has enough S Pass quota to continue employing Ah Lai in his factory but he does not have quota to employ more workers under S Pass in his café. This is because he has reached the maximum total workforce allowed.

Step 4: Calculate no. of PRC WPHs

For his café: No of PRC WPHs = 8 % of total workforce (7) = **0 PRC WPHs**

For his factory: No of PRC WPHs = 25% of total workforce (37) = **9 PRC WPHs**

Mr Tan still has enough quota to continue employing his PRC WPHs in his factory, but he does not have any quota to employ PRC WPHs in his café.

Workforce for his **café**:

- ✓ 4 locals
- ✓ 2 Malaysian WPHs (skilled)

Step 5: Calculate the number of FWs under each tier

$$T_1 = 10\% \text{ of } 6 = 0$$

$$T_2 = (25\% \text{ of } 6) - 0 = 1$$

$$T_3 = 2 - 0 - 1 = 1$$

Services			
Pass type	Tiers	Percentage	Levy rate (skilled / unskilled)
Work Permit Quota: 40%	Basic/ Tier 1	≤ 10 %	\$300 / \$420
	Tier 2	> 10 to ≤ 25%	\$400 / \$550
	Tier 3	> 25 to ≤ 40 %	\$600 / \$700

Steps 6 & 7: Allocate tiers and calculate levy bill

$$T_1 = 0$$

$$T_2 = 1 = 1 \text{ skilled Malaysian WPH} = \$400$$

$$T_3 = 1 = 1 \text{ skilled Malaysian WPH} = \$600$$

Total Levy Bill for the month = \$400 + \$600 = \$1,000

How to calculate your quota and levy bill

Updated 19 August 2014

Workforce for his **factory**:

- ✓ 16 locals
- ✓ 5 Malaysian WPHs (skilled)
- ✓ 4 PRC WPHs (unskilled)

1 S Pass (Ah Lai)
10 Malaysian WPHs (unskilled)

Step 5: Calculate the number of FWs under each tier

$$T_1 = 25\% \text{ of } 36 = 9$$

$$T_2 = (50\% \text{ of } 36) - 9 = 9$$

$$T_3 = 20 - 9 - 9 = 2$$

Manufacturing			
Pass type	Tiers	Percentage	Levy rate (skilled / unskilled)
S Pass Quota: 20%	Basic/ Tier 1	≤ 10%	\$315
	Tier 2	> 10 to ≤ 20%	\$550
Work Permit Quota: 60%	Basic/ Tier 1	≤ 25%	\$250 / \$370
	Tier 2	> 25 to ≤ 50%	\$350 / \$470
	Tier 3	> 50 to ≤ 60%	\$550 / \$650

Steps 6 & 7: Allocate tiers and calculate levy bill

$$T_1 = 9 = 1 \text{ S Pass} + 5 \text{ skilled Malaysian WPHs} + 3 \text{ unskilled Malaysian WPHs} = \$2,675$$

(\$315) (\$250 X 5) (\$370 X 3)

$$T_2 = 9 = 7 \text{ unskilled Malaysian WPH} + 2 \text{ unskilled PRC WPH} = \$4,230$$

(\$470 X 7) (\$470 X 2)

$$T_3 = 2 = 2 \text{ unskilled PRC WPH} = \$1,300$$

(\$650 X 2)

$$\text{Total Levy Bill for the month} = \$2,675 + \$4,230 + \$1,300 = \$8,205$$

Total levy bill for
Mr Tan's café and
factory

\$9,205