



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 \$850 per month. Local part time employees are defined as Singaporeans and PRs who earn at least \$425 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.

In order to cater for minor fluctuations in the number of local workers you employ, we look at 3 months of CPF contributions. We exclude the current month as well as the preceding month. For example, the quota for August is worked out using April, May and June's CPF contributions. This is because CPF contributions are due the month after they are incurred (i.e. you make June's CPF contribution in July).

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.

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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%	Basic/ Tier 1	≤ 10%	\$250
	Tier 2	> 10 ≤ 20%	\$390
Work Permits			
Manufacturing Quota: 60%	Basic/ Tier 1	≤ 25%	\$230 / \$330
	Tier 2	> 25 ≤ 50%	\$330 / \$430
	Tier 3	> 50 ≤ 60%	\$500
Services Quota: 45%	Basic/ Tier 1	≤ 15%	\$270 / \$370
	Tier 2	> 15 ≤ 25%	\$380 / \$480
	Tier 3	> 25 ≤ 45%	\$550
Construction Quota: 87.5%	Higher skilled / Basic skilled on MYE	≤ 87.5%	\$280 / \$400
	Higher skilled / Basic skilled on MYE-waiver		\$550 / \$650
Process Quota: 87.5%	MYE	≤ 87.5%	\$230 / \$330
	MYE-waiver		\$500
Marine Quota: 83.3%	Basic Tier	≤ 83.3%	\$230 / \$330
These levy rates are valid from 1 January 2013 – 30 June 2013.			

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	45%	Local FTE x 0.818182
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:

Max no of FWs = 20 Local FTE x 1.5 = **30 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 20%, whatever your industry sector. This means that 20% of your total workforce can be S Pass holders. This is counted within your total quota for foreign workers.

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

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:

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

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 (PRCs) in the Manufacturing and Services sectors.

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

PRC Services Sector sub-quota = $9\% \times (\text{total workforce} + 1)$

Illustration:

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

Step 4:

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

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	$T_1 = 25\% \times \text{total workforce}$	$T_1 = 15\% \times \text{total workforce}$
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 Malaysians and 4 PRCs. 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 WP holders
3. Unskilled WP holders

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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:

$$T_1 = 10 = 1 \text{ S Pass} + 7 \text{ skilled Malaysian} + 2 \text{ unskilled Malaysian} = \$2,520$$

(\$250)
(\$230)
(\$330)

$$T_2 = 11 = 8 \text{ unskilled Malaysian} + 3 \text{ unskilled PRCs} = \$4,730$$

(\$430)
(\$430)

$$T_3 = 1 = 1 \text{ unskilled PRC} = \$500$$

(\$500)

Mr Tan's total levy bill for the month
= \$2,520 + \$4,730 + \$500 = \$7,750

Manufacturing			
Pass Types	Tiers	Percentage	Levy Rate (skilled / unskilled)
S Pass Quota: 20%	Basic / Tier 1	≤ 10%	\$250
	Tier 2	> 10 ≤ 20%	\$390
Work Permits Quota: 60%	Basic/ Tier 1	≤ 25%	\$230 / \$330
	Tier 2	> 25 ≤ 50%	\$330 / \$430
	Tier 3	> 50 ≤ 60%	\$500

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 3 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.

$$\text{Max no of FWs in the cafe} = 3 \text{ local FTEs} \times 0.818182 = \underline{\underline{2 \text{ FWs}}}$$

$$\text{Max no of FWs in the factory} = 17 \text{ local FTEs} \times 1.5 = \underline{\underline{25 \text{ FWs}}}$$

So, with this change, Mr Tan will be able to employ 5 fewer FWs in his factory.

Mr Tan decides to proceed with his plan. He transfers 3 locals and 2 Malaysian FWs to his new café. The remaining 17 locals and 20 foreign workers continue working in the factory.

Step 2: Calculate the total workforce

For his café: total workforce = 3 locals + 2 FWs = **5** (at max quota)

For his factory: total workforce = 17 locals + 20 FWs = **37** (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.

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 = 20% of total workforce (6) = **1 S Pass**

For his factory: No of S Passes = 20% of total workforce (38) = **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 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 PRCs = 9% of total workforce (6) = **0 PRC WPH**

For his factory: No of PRCs = 25% of total workforce (38) = **9 PRC WPHs**

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

Workforce for his café:

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

Step 5: Calculate the number of FWs under each tier

$$T_1 = 15\% \text{ of } 5 = 0$$

$$T_2 = (25\% \text{ of } 5) - 0 = 1$$

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

Services			
Pass Types	Tiers	Percentage	Levy Rate (skilled / unskilled)
Work Permits Quota: 45%	Basic / Tier 1	≤ 15%	\$270 / \$370
	Tier 2	> 15 ≤ 25%	\$380 / \$480
	Tier 3	> 25 ≤ 45%	\$550

Steps 6 & 7: Allocate tiers and calculate levy bill

$$T_1 = 0$$

$$T_2 = 1 = 1 \text{ skilled Malaysian} = \$380$$

$$T_3 = 1 = 1 \text{ skilled Malaysian} = \$550$$

Total Levy Bill for the month = \$380 + \$550 = \$930

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Workforce for his factory:

- ✓ 17 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

$$T_1 = 25\% \text{ of } 37 = 9$$

$$T_2 = (50\% \text{ of } 37) - 9 = 9$$

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

Manufacturing			
Pass Types	Tiers	Percentage	Levy Rate (skilled / unskilled)
S Pass Quota: 20%	Basic / Tier 1	≤ 10%	\$250
	Tier 2	> 10 ≤ 20%	\$390
Work Permits Quota: 60%	Basic/ Tier 1	≤ 25%	\$230 / \$330
	Tier 2	> 25 ≤ 50%	\$330 / \$430
	Tier 3	> 50 ≤ 60%	\$500

Steps 6 & 7: Allocate tiers and calculate levy bill

$$T_1 = 9 = 1 \text{ S Pass} + 5 \text{ skilled Malaysian} + 3 \text{ unskilled Malaysian} = \$2,390$$

(\$250) (\$230) (\$330)

$$T_2 = 9 = 7 \text{ unskilled Malaysian} + 2 \text{ unskilled PRCs} = \$3,870$$

(\$430) (\$430)

$$T_3 = 2 = 2 \text{ unskilled PRC} = \$1,000$$

(\$500)

$$\text{Total Levy Bill for the month} = \$2,390 + \$3,870 + \$1,000 = \$7,260$$

Total levy bill for
Mr Tan's café and
factory

\$8,190