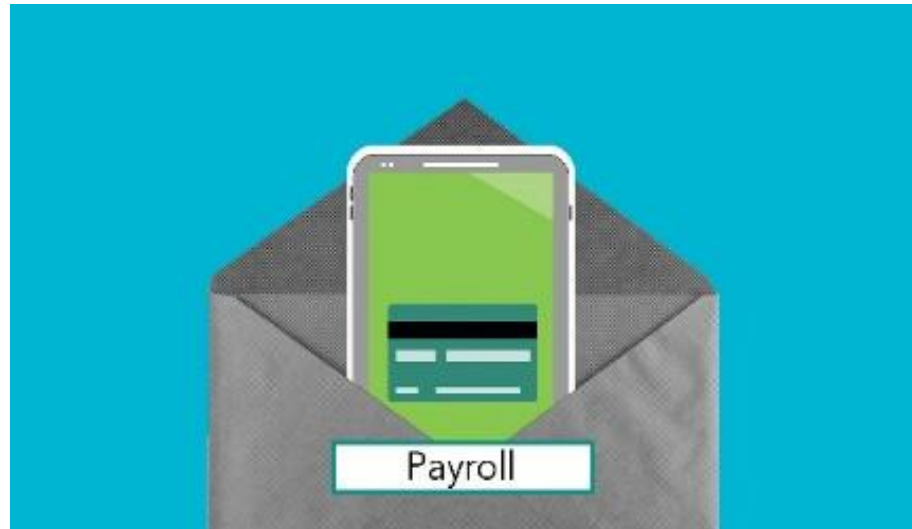


Skills Development Levy

—  
Employment terms and payslips

—  
Payments subject to CPF

—  
Payments subject to tax



## Common non-compliance matters in HR & Payroll

Are you aware of the following?

1. Under the Skills Development Levy (SDL) Act, employers are required to pay SDL, at different contribution rates, for every employee they hire. This applies to all permanent, casual, part-time, temporary or foreign employees rendering their services wholly or partly in Singapore.
2. Bonuses are considered additional wages (AW) and the amount of AW for the year which attracts CPF contributions is subject to an annual AW ceiling.
3. With effect from 1 April 2016, employers must issue written key employment terms and itemised pay slips to employees covered under the Employment Act. Failure to comply will attract penalties.
4. CPF contribution rates are lower for Singapore Permanent Resident (SPR) employees who are in their first or second year of obtaining SPR status. Employers should apply the correct CPF contribution rates for their SPR employees.

5. Allowances, commission, bonus, overtime and incentive payments are also subject to CPF contribution. We need to determine whether they are classified as ordinary wages (OW) or AW and apply the correct formulae. The amount of AW for the year which attracts CPF contributions is subject to an annual AW ceiling.
6. Overpayment or underpayment of CPF contributions may arise due to application of the wrong formula. As an example, for a salary of SGD 4,000 and bonus of SGD 4,000, the correct CPF contribution should be based on total wages of SGD 8,000 and not capped at OW of SGD 6,000.
7. Benefits-in-kind are generally taxable and need to be included in Form IR8A. For example, service excellence awards (cash or non-cash) granted to an employee in recognition of his/her good service is not taxable if the value of the benefit does not exceed SGD 200. However, if the award exceeds the exemption threshold of SGD 200, the entire value is taxable.

## How can we assist you?

We guide our clients to ensure they are compliant with the latest regulations. We offer comprehensive HR and payroll services to suit the needs of our clients. Regardless of the size of your company, you can expect:

1. High quality and professional advice from our dedicated HR & Payroll Department.
2. Accurate and timely payroll services to relieve our clients from any hassle and give them peace of mind to focus on growing their businesses.

We can also offer digital HR and payroll solutions to facilitate our clients' needs for electronic approval of leave and expense claim submissions.

## About Ecovis Bizcorp

Ecovis Bizcorp offers a well-rounded suite of statutory compliance services in Singapore. As a member company of Ecovis International, we share our network's vision of providing value-for-money services to our clients by assisting in their company set-up, corporate secretarial, accounting, tax compliance, as well as HR and payroll outsourcing needs.