

Tax, Employment & Benefits

August 2020 Ministerial Statement: Further Support for Businesses and Workers

Introduction

Life seems unlikely to return to normal anytime soon as the COVID-19 pandemic continues to swirl around the globe, particularly for some key sectors such as aviation and tourism. As certain support lifelines provided for in the past four Budgets draw close to their expiry dates without significant alleviation of the need for them, there have been stirrings of unease among businesses and workers.

On 17 August 2020, the Deputy Prime Minister and Minister of Finance, Mr Heng Swee Keat, released a [Ministerial Statement](#) setting out further financial support measures to help workers and businesses stay afloat in the short term and adapt by seizing growth opportunities in a COVID-19 world.

This Update will focus on the measures targeting businesses and workers, which can be broadly categorised into the following:

1. Extension of the existing Jobs Support Scheme ("**JSS**");
2. New Jobs Growth Incentives scheme to encourage hiring of locals;
3. Supporting workers; and
4. Sector-specific relief for aviation, tourism, and startups.

Extension of Existing Jobs Support Scheme

The JSS has gone through a number of enhancements since it was first established by the Unity Budget, and was due to end after August 2020. Through it, the Government covered 75% of the first \$4,600 of the gross monthly wages of each local employee (i.e. Singapore citizens and permanent residents) during the circuit breaker period of 7 April 2020 to 1 June 2020. These rates differed across industries thereafter, ranging from 25% to 75% depending on which tier an industry belonged to.

Pursuant to the Ministerial Statement, the JSS will be extended by up to seven months, with additional payouts to be made on March 2021 and June 2021 – further details on the payouts and how they will be calculated are available on the Inland Revenue Authority of Singapore website [here](#). This fifth extension will be applied in four tiers, with an exception for the built environment sector. The tiers are as follows (noting that all months referred to are up to and including the month itself):

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	Quantum and Period	Sectors
Tier 1	50% of wages until March 2021	<ul style="list-style-type: none"> Aviation and aerospace Tourism, hospitality, conventions and exhibitions Employers which are not allowed to resume on-site operations. Once they are permitted to resume, they will revert to their respective tiers on a pro-rata basis
	50% of wages until October 2021 30% of wages until March 2021	<ul style="list-style-type: none"> Built environment
Tier 2	30% of wages until March 2021	<ul style="list-style-type: none"> Food services (licensed food shops and food stalls, including hawker stalls) Retail Marine & offshore Arts and entertainment (cinema operators, film distributors, arts and culture organisations) Land transport
Tier 3A	10% of wages until March 2021	All sectors not included in the other tiers
Tier 3B	10% of wages until December 2020	Sectors that are doing well, namely: <ul style="list-style-type: none"> Financial services Information and Communications Technology Media Postal and courier Biomedical sciences Precision engineering Electronics Online retail Supermarkets and convenience stores

For those unclear as to which sector they fall under, [Annex B-1](#) of the Ministerial Statement contains detailed definitions of each sector.

The JSS wage support is provided to employers to help them retain their local employees. While employers are permitted to use their discretion in how the payouts are utilised, they are required to act responsibly and fairly, and make every effort to keep their workers and help them through this difficult

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period, taking reference from the [tripartite advisory on salary and leave arrangements](#), last updated on 17 July 2020 ("**Tripartite Advisory**"). Employers and employees are encouraged to take a longer term view and mutually agree on work and salary adjustments. If employers are irresponsible or unfair in implementing cost-saving measures, they may be denied Government support (including JSS payouts) and have their work pass privileges curtailed.

While the JSS is only applicable for local employees, there is assistance available for employers of foreign workers in certain sectors. Pursuant to the Tripartite Advisory, businesses in the construction, marine shipyard, and process sectors will continue to receive a foreign worker levy rebate of \$90 per qualifying work permit holder. This is to alleviate the burden imposed by ongoing stringent safe management measures, and will last from **August 2020** to **December 2021**.

New Jobs Growth Incentive Scheme

The new Jobs Growth Incentive scheme is intended to assist businesses in increasing their headcount of local workers, with a special focus on mature workers. Through it, the Government will provide a wage subsidy for each new local who is hired in the next six months. The subsidy will last for 12 months, and will be up to 25% for those below 40 years old, subject to a cap. For those above 40, the subsidy will be up to 50%.

More details will be announced by the Ministry of Manpower ("**MOM**") later in August 2020.

Supporting Workers

The Government will continue to work closely with tripartite partners to help displaced workers. The [Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment](#) will be updated to incorporate the Fair Retrenchment Framework proposed by National Trades Union Congress.

The COVID-19 Support Grant ("**CSG**") has also been extended until December 2020 and will be open to both existing CSG recipients and new applicants. The CSG enables Singaporeans and PRs who have suffered an involuntary loss of job or reduction in income to apply for grants online. Further details on the eligibility criteria and qualifying conditions may be found [here](#).

Eligibility of the Workfare Special Payment ("**WSP**") will be widened to include workers who were not under the Workfare Income Supplement scheme ("**WIS**") last year but have received or will be receiving WIS payments for work done this year. The WSP is intended to help low-wage workers who have kept Singapore going during the crisis.

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Sector-specific Relief

Three sectors will be receiving additional assistance:

1. **Aviation** – \$187 million has been allocated to extend the support measures in the Enhanced Aviation Support Package ("**Package**"), which will now extend to March 2021. The Package assists airlines, ground handlers, cargo agents, airport tenants, and local carriers by providing rebates on landing and parking charges and rental relief, among others. The temporary redeployment programme for aircrew will also be expanded.
2. **Tourism** – To narrow the gap caused by the absence of international tourists, \$320 million in tourism credits will be provided to Singaporeans to encourage local tourism. This has been particularly welcome, as tourism operators have noted the difficulty in offering discounts due to their reduced operating capacity to allow for the appropriate safe distancing measures. Further details will be provided by the Ministry of Trade and Industry ("**MTI**") in September 2020.
3. **Startups** – \$150 million has been set aside to enhance the Startup SG Founder programme, enabling the startup capital grant to be raised, together with the provision of mentorship. Further details will be provided by MTI.

More support may be forthcoming for the following sectors:

1. **Nightlife industry and other businesses that will not be able to reopen soon** – Further details will be announced by MTI, with a view to assisting them to transition to other activities or ease their exit.
2. **Businesses in the arts, culture, and sports** sector that will take longer to resume full activities – Further details will be provided pending consultation with the Ministry of Culture, Community and Youth.

Concluding Remarks

Although the COVID-19 pandemic lingers on stubbornly, the Singapore Government is seeking to reposition our economy to evolve with the times. On one hand, there are schemes to help businesses to tide things out until a sea-change in the global situation takes place; on the other, there is wariness around trapping workers in unviable businesses, together with encouragement to pivot to new ways of doing business.

Businesses should take advantage of the various schemes ranging from financial assistance (such as JSS and financing schemes) to employee upskilling or even transforming their operations. For companies who find themselves in a situation where they have to implement pay-cuts or retrenchments, they should seek legal advice before embarking on these initiatives. This is because MOM has already

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made clear that they will not hesitate to prosecute companies who act in a manner inconsistent with prevailing MOM guidelines or in a manner which may constitute irresponsible or unfair cost-saving measures.

Visit our [COVID-19 Resource Centre](#) for views from our lawyers across the region on common issues and legal implications brought by COVID-19. For specific inquiries, please reach out to your relationship partner or send an email to our [COVID-19 Legal Team](#).

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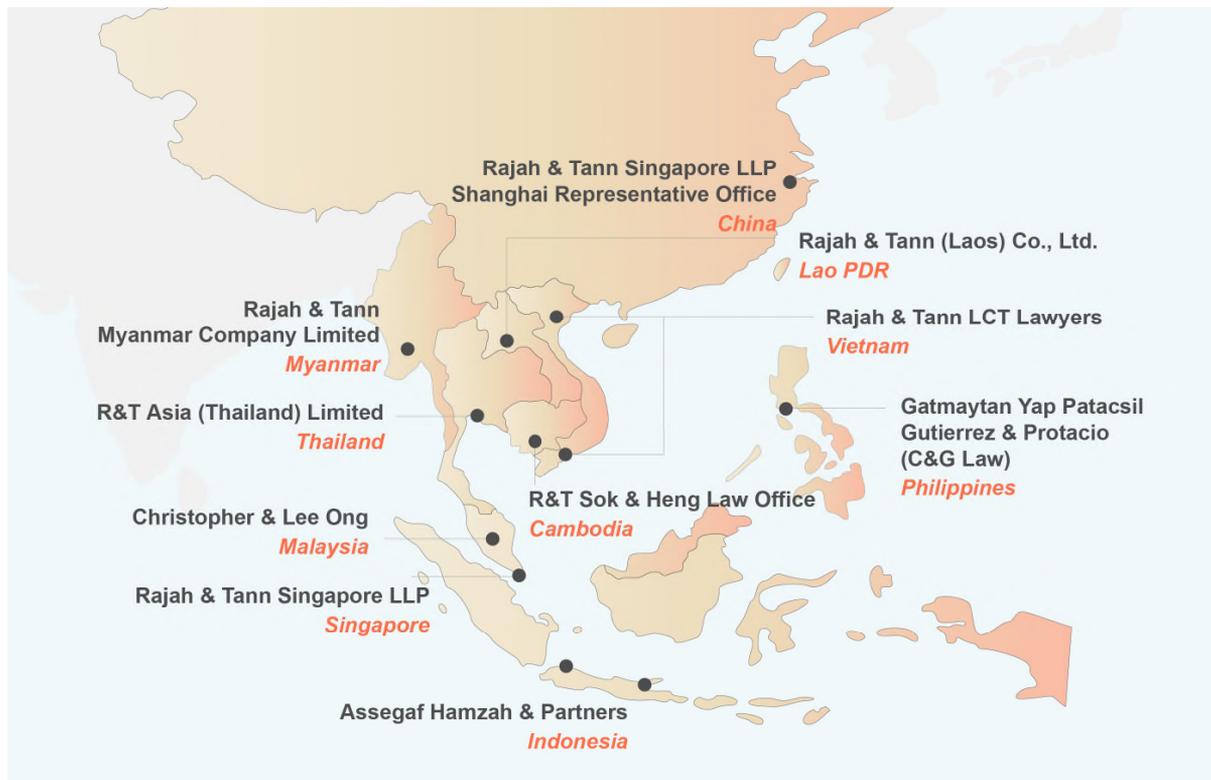
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