



SINGAPORE — 14 MIN

How to hire and pay remote workers in Singapore

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Expanding your talent search across borders might be just the thing your business needs to stay ahead of the competition. Hiring workers as employees or contractors across the globe is a great way to tap into local talent. With a strong economy and highly skilled workforce, [hiring remote workers in Singapore](#) is a viable option, especially if you're looking to hire from the APAC region.

However, you'll have to have a good understanding of local labor laws and tax regulations while hiring internationally. You'll also need to set up a payroll system to pay remote workers in Singapore quickly and accurately, in their local currency. But global hiring doesn't have to be a hassle as long as you have expert advice.

This article is packed full of practical guidance that can help you navigate the ins and outs of hiring and paying remote workers in Singapore.

Ready to learn more? Pour yourself a hot drink, and let's begin.

How do foreign businesses pay remote workers in Singapore?

Foreign businesses can pay remote workers in Singapore by establishing a legal entity in the country, partnering with a global employment service, or paying Singaporean workers as contractors.

Open a legal entity in Singapore

Launching a legal entity in Singapore is not difficult. You have to reach out to the Accounting and Corporate Regulatory Authority ([ACRA](#)), which oversees company registration in the country. Be aware that ACRA will have compliance standards you must meet before you can start hiring in Singapore.

Work with a global employment partner

If you would rather not spend the time and money to open a local entity in Singapore, you can partner with a global employment service. Some global employment partners use their [own legal entities](#), whereas others are part of a partner-dependent system. Working with such a partner can help you handle compliance, payroll, tax, and benefits for your foreign workers while adhering to specific legal and financial requirements.

Pay Singaporean workers as contractors

Paying your Singaporean workers by classifying them as contractors is much easier than paying them as employees. That's because you don't have to make social security contributions, offer [benefits](#), or withhold taxes. You can simply pay them for the hours worked after they submit an invoice to you. However, intentionally misclassifying workers to avoid paying them as employees can land you in legal trouble and have other [serious consequences](#).

How to hire employees in Singapore

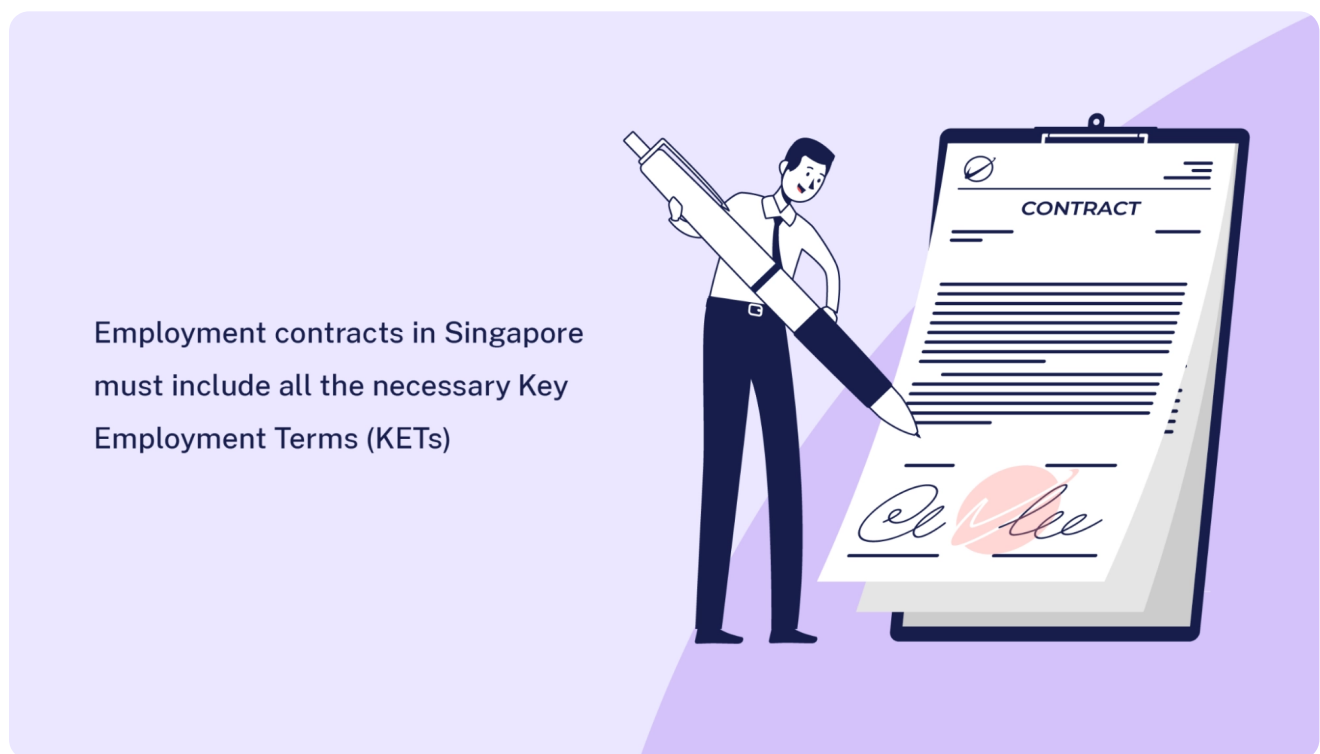
Before you hire employees in Singapore, you need to register your company in the country if you're planning on setting up your own legal entity there.

Then, take the following steps:

1. Apply for a **CPF Submission Number (CSN)**: This number allows you to register with the **Central Provident Fund (CPF)**, which is part of the social security system in Singapore and primarily helps with retirement funds.

As an employer, having a CSN is your way of communicating with the CPF. If you only plan on hiring independent contractors, however, you don't need to worry about securing one.

2. Apply for a **Unique Identity Number (UEN)**: This number, which is issued by the government, identifies and legitimizes your legal entity in Singapore.



When you're ready to hire in Singapore, the contract you draft should have all of the necessary **Key Employment Terms (KETs)**, as directed by the Singaporean Ministry of Manpower (MOM). These include the following:

- Full names of the employer and employee
- Job title and duties
- Start date and duration of employment (the latter is only necessary for fixed-term contracts)

- Work schedule, which must meet Employment Act requirements (you can check this using the [MOM's KETs verification tool](#))
- Salary, salary period, fixed allowances, and deductions
- Overtime rate and period (if applicable)
- Types of leave, bonuses, and incentives
- Other medical benefits
- Probation and notice periods
- Place of work (if different from the employer's address)

Make sure to issue the employment contract within 14 days of when your new employee starts their job.

Can I hire foreign employees in Singapore?

Considering Singapore is a [thriving country for international business](#), there may come a time when you'll want to hire foreign workers living there. It's possible to do so, but the MOM has a few regulations these individuals must meet before they can qualify.

Foreigners employed in Singapore require a [work visa](#), and they need to be between 18 and 50 years old to get one. There are a few different types, including the following:

- **Employment Pass (EP):** This is the most common work visa for professionals, including managers and executives. To qualify, employees need to earn at least \$5,000 per month (in all sectors except financial services, which jumps to \$5,500) and pass the Complementarity Assessment Framework.
- **Personalized Employment Pass:** High earners making a fixed monthly salary of at least \$22,500 can apply for this visa, whether they're moving to Singapore while making this income or they're already on an EP and their wage is increasing. This pass has more flexibility than other types.
- **S Pass:** This pass is for skilled workers who earn at least \$3,150 per month.
- **Work Permit for Migrant Worker:** This permit is for skilled and semi-skilled workers in the construction, manufacturing, marine shipyard, process, or services sectors.

Regardless of which [work visa](#) your employee qualifies for, you, as the employer, must apply on their behalf. The exception here is the Personalized

Employment Pass, where employees who meet the eligibility criteria can apply themselves.

In general, an EP is good for two years, and you can apply to renew it for your employee when the time is up. In order to do so — and to apply for any of these visas — your company must be registered with the MOM.

In what currency do companies pay remote workers in Singapore?

Singapore's official currency is the Singapore dollar (SGD or S\$). Non-Singaporean businesses generally use digital wallets to send funds. Many of these wallets convert payments into local currency automatically.

What are the tax rates for each tax bracket in Singapore?

Singapore's tax system is known for being quite competitive for individuals as well as corporations. The country adheres to a territorial basis of taxation. It has low corporate tax but no capital gains tax. Information from the Inland Revenue Authority of Singapore ([IRAS](#)) can assist you in understanding the personal tax rates for each tax bracket in Singapore.

Employees are responsible for paying their own taxes to the Inland Revenue Department, so employers don't have to withhold funds for income tax. Contractors who make more than S\$20,000 a year also have to file and submit their own tax returns. The income tax rate for chargeable income brackets in the country for 2023, is as follows:

- 0% on the first S\$20,000
- 2% on the next S\$10,000
- 3.5% on the next S\$10,000
- 7% on the next S\$40,000
- 11.5% on the next S\$40,000
- 15% on the next S\$40,000
- 18% on the next S\$40,000
- 19% on the next S\$40,000
- 19.5% on the next S\$40,000
- 20% on the next S\$40,000
- 22% on an excess of S\$320,00

Which parts of a salary in Singapore are taxable?

Many parts of a salary in Singapore are taxable, including wages, bonuses, meal allowances, transportation allowances, housing allowances, and retirement benefits. Some components incur full taxes, whereas others incur partial taxes.

Your remote employees should be made aware that many aspects of their salary are subject to taxation in Singapore.

Components of Singapore salary that incur full taxes

All earnings and income (base salary, bonus, commission) from employment in Singapore are fully taxable. In general, income received from overseas payments in Singapore is not taxable, except in [certain circumstances](#).

Components of Singapore salary that incur partial taxes

Retirement benefits, such as gratuities and pensions, are partially taxable.

Is per diem taxable in Singapore?

Per diem payments are allowances for living expenses, such as meals and incidental activities, accrued during a business trip. All these are taxable in Singapore.

In Singapore, per diem payments are considered to be relevant to employees sent on brief overseas trips where they engaged in activities incidental to their employment.

Is there a difference between allowance and reimbursement in Singapore?

The differences between allowance and reimbursement in Singapore are significant.

A per diem allowance is provided to an employee before he or she takes a trip. It is typically a fixed amount that is based on acceptable rates. A per diem reimbursement, on the other hand, is provided to an employee after they return from a business trip, and it can differ from employee to employee.

According to the [IRAS guidelines](#), per diem allowances are taxable but per diem reimbursements are not.

What payroll deductions are employers required to make in Singapore?

There are various payroll deductions employers are required to make in Singapore, such as:



- Amenities
- Work absences
- Advances/loans
- Damages/losses
- Unearned benefits
- Overpaid salary
- Accommodation
- Co-operative society payments
- Pension schemes, i.e., Central Provident Fund (CPF) contributions

- Insurance schemes — universal health coverage

It's essential to monitor your employees' activities and payments so that you can make necessary deductions when the time comes.

Want to see a full breakdown of employment costs for new hires in Singapore? Check out our [free Employee Cost Calculator tool](#).

What is the minimum wage in Singapore?

There is no official minimum wage in Singapore. In other words, you can decide how much you want to pay your workers without worrying about meeting a specific legal requirement.

Even though there's no minimum wage in the country, it does promote a [Progressive Wage Model](#) (PWM). This model encourages an increase in wages as workers gain more skills and improve their performance. Although there is no pressure toward meeting a minimum wage standard, you should consider the PWM when calculating wage and salary figures.

How much is overtime pay in Singapore?

In Singapore, overtime pay is calculated as the number of hours worked overtime × the hourly basic pay rate × 1.5.

So, if the number of hours worked overtime is 3 and the hourly basic pay rate is S\$10.50, the total overtime payment would be $3 \times \text{S\$}10.50 \times 1.5 = \text{S\$}47.25$.

What local labor laws should I know before I hire employees in Singapore?

The main labor law in Singapore is called the [Employment Act](#). It is Singapore's main labor law and outlines employee rights, work roles, and employer obligations.

The Employment Act covers workers who fall under the following categories:

- Temporary
- Contract

- Part-time
- Full-time

It does not cover domestic workers, civil servants, or seafarers. Such workers must adhere to the terms and conditions of their **contract of service**. It also doesn't cover people using a **contract for service** (which is different from a contract of service), an agreement between a client and an independent contractor when the latter completes an assigned project for a fee.

Work roles are clearly defined in the act. Managers and executives are those who have major leadership and supervisory responsibilities because they devise strategies and make critical decisions regarding remuneration, recruitment, termination, assessment, and discipline. Under this act, managers and executives include highly skilled and educated workers, such as lawyers, accountants, dentists, and doctors.

The Employment Act states that a workman is someone who spends most of their work time engaging in manual labor, even if they do have some supervisory duties. A workman is also someone who operates commercial vehicles. A variety of people are considered workmen under this law; these include:

- Artisans
- Cleaners
- Laborers
- Apprentices
- Van, bus, and train drivers
- Bus and train inspectors
- Construction workers
- Machinery and metalworkers
- Machine assemblers and operators

The Act stresses that employers must:

- Provide their employees with KETs in writing
- Record their employees' hours of work as well as their attendance
- Send accurate payments to their employees in a timely manner
- Notify employees of their paid leave and holiday entitlements
- Offer their employees itemized payslips
- Meet CPF payment requirements

Moreover, the Act informs workers of their right to:

- Meal breaks
- Overtime pay
- Days of rest
- Sick leave
- Annual leave
- Public holidays

The Employment Act specifies that employees' contractual working hours can't exceed eight per day or 44 per week. Any extra hours worked are considered overtime, which must be paid out at 1.5 times the worker's hourly rate. Note, however, that employees can't work more than 72 hours of overtime per month — though these regulations don't apply to managers and executives.

Workers also get one mandatory rest day every week without pay, along with 11 paid public holidays per year (including two days for Chinese New Year and the National Day of Singapore).

The Act also regulates the amount of paid annual leave employees can get in Singapore, which depends on the number of years they've worked. For example, five years of continuously working for the same company translates to at least 11 days of paid annual leave.

The government performs regular physical and digital inspections on employers to check if businesses and organizations are complying with the Employment Act.

How do I pay remote contractors in Singapore?

Working with remote contractors is different from working with remote employees. You do not have to offer regular wages and benefits packages when you hire a remote contractor in Singapore.

All you have to do is pay remote contractors in Singapore for their work over a certain period, once they submit an invoice to you. However, make sure that you refrain from misclassifying your remote contractors.

Misclassification could result in a host of problems such as paying back benefits or wages, legal trouble, penalties, and fines.

There are several ways you can send payments to [remote workers in Singapore](#), including:

- Wire transfer: quick but comes with hefty fees
- Check: secure but is slow to arrive
- Money order: trackable but has low maximum amounts
- Digital payment: convenient but is prone to security breaches and technical problems
- Bank transfer: safe but has high exchange rates

If you need to [convert your contractors to employees](#), a global employment specialist like Remote can help you make the switch easily.

How do I pay remote employees in Singapore?

You can choose to pay your remote employees in Singapore yourself by setting up a local entity in the country. However, you have to comply with local labor laws and regulations. There's also a risk of your company being considered a [permanent establishment](#), which may become a tax liability.

An [employer of record](#) like Remote can make your life easier by taking on the legal burden of hiring and paying full-time employees in another country, minimizing permanent establishment risks. For more information on how an EOR can help you grow your business, read our helpful article about [when to use an EOR](#).

In general, because employees under contracts of service are covered by the Employment Act, you need to give them itemized payslips along with their wages. In addition to helping with record-keeping, these documents let employees know that they're being paid accurately. They may also help settle any disputes that come up down the line about pay, benefits, or hours worked.

You can use [this template](#) from the MOM to get started, as it includes all the required fields (such as the date and method of payment, the name of the employee, and overtime hours worked). If you decide to make your own, however, be sure to still include all of the necessary information. These documents can be issued digitally or physically — and even handwritten versions are acceptable.

If you can't issue an itemized payslip to an employee right when you pay them, make sure to do so within three days. If you don't, the MOM may fine you or even take you to court.

Easily pay remote workers in Singapore with Remote

Singapore has a highly skilled workforce that can add value to your team and give you the competitive edge your business needs to succeed. But there's a lot of time, money, and hassle involved in global hiring — you'll have to comply with local labor laws and tax practices and make sure you pay your workers on time.

You shouldn't let the legal hurdles and financial challenges of international hiring stop you from finding the best person for the job. Remote can help you hire, pay, and onboard workers in Singapore quickly and compliantly. Plus, our [global payroll](#) services can help you seamlessly process contractor invoices and run employee payroll in Singapore. Partnering with Remote gives you the time to focus on growing your business!

For practical tips and tricks to get started with your remote hiring, [download](#) our guide to hiring remote workers. If you're ready to get started on your expansion journey with Remote, [sign up](#) and start onboarding workers in Singapore today!