

Quick Guide on Fifth Wage Credit Scheme Payout 2018

(Updated on 13 Mar 2018)

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(A) Who will receive the Wage Credit in 2018?

A1) Will I receive the Wage Credit in 2018?

Employers who qualify for Wage Credit for the qualifying year 2017 will receive their Wage Credit in 2018.

You will qualify for Wage Credit for the qualifying year 2017 if you are an *employer* with Singapore Citizen employees who satisfy the following conditions:

- (a) Received CPF contributions from you for at least three calendar months in 2017
- (b) Received CPF contributions from you, or any other single employer, for at least three calendar months in 2016
- (c) Earned a gross monthly wage (GMW)* of \$4,000 and below.
- (d) The GMW earned in the qualifying year must be increased by a minimum \$50 over the preceding year. If the minimum GMW increase given to an employee in 2015 and/or 2016 is sustained by the same employer in 2017, the same employer will continue to receive the Wage Credit for the qualifying year 2017.
- (e) Employee must not be the business owner of the firm (i.e. shareholder cum director; member cum director of the company, sole-proprietor, or partner), or a self-employed individual

*GMW is the total wages paid by the employer to the employee in a calendar year, divided by the number of calendar months in which CPF contributions were paid on these wages. Total wages include all allowances and payments for which contributions to CPF is required, including basic salary and additional wages such as overtime pay, commissions and bonuses; but excluding employer CPF contributions. See C2 for further explanation and illustration.

A2) Which employers are not eligible for the Wage Credit Scheme?

All employers are eligible for the Scheme, except the following government-related entities or entities not registered in Singapore. This is consistent with the Special Employment Credit Scheme and the former Jobs Credit Scheme.

- a. Local Government Agencies, incl. Organs of State, Ministries and Departments, Statutory Boards
- b. Government and Government-Aided Schools
- c. PA Services and Grassroot Units

- d. High Commissions, Embassies, Trade Offices, Consulate
- e. Unregistered Local/Foreign Entities
- f. Foreign Military Units
- g. Representative offices of Foreign companies, Foreign Government Agencies, Foreign Trade Associations/ Foreign Chambers/ Foreign Non-profit Organizations/ Foreign Law Practices
- h. Bank Representative Offices/ Insurance Representative Offices/ Other Financial Representative Offices (registered with MAS); News Bureaus (which are representative offices);
- i. International Organizations
- j. Entities which pay CPF but are not registered in Singapore

In addition, the Government reserves the right not to pay Wage Credit to any employer that has been convicted of any offence or is dormant (i.e. no business done).

A3) Which individuals are not considered employees under the Wage Credit Scheme?

- Sole proprietors and partners of general partnerships/ limited liability partnerships/ limited partnerships
- Employees who are both shareholders and directors (as defined in Section 4(1) of the Companies Act) of the company they are employed in, or employees who are both members and directors in the case of a company limited by guarantee
- Self-employed individuals including but not limited to commission agents, taxi-drivers and owners of professional practices

The Wage Credit Scheme aims to encourage employers to share productivity gains with their employees. As individuals listed above are also owners/ members/ directors of the company or business, they are not considered employees for the purpose of the Scheme.

A4) Will I be notified of my eligibility and the Wage Credit for qualifying year 2017?

IRAS will notify eligible employers by post of the Wage Credit payable to them by 31 March 2018.

From the last week of March 2018 till 31 October 2018, you may also check your eligibility from the [WCS website](#) using your UEN or NRIC/FIN number (if UEN is not available). You should ensure that your CPF Submission Number (CSN) registered with CPF Board for making CPF contributions should be tied to a current and valid UEN.

(B) When and how will payouts be made?

B1) When will I receive my Wage Credit? Do I need to apply for it?

Eligible employers will receive their Wage Credit for qualifying year 2017 by 31 March 2018.

You do not need to apply for the Wage Credit. The Wage Credit for the qualifying year 2017 will be derived based on the CPF contributions that employers had made for the employees' 2014, 2015, 2016 and 2017 wages. The deadline for the employers to make CPF contributions for 2017 wages is 15 January 2018.

B2) How will I receive my Wage Credit?

If you have an existing GIRO bank account with IRAS for the payment of income tax or GST, the Wage Credit will be directly credited into your GIRO bank account by 31 March 2018.

If you do not have any GIRO bank account with IRAS, a cheque will be mailed to your address as per IRAS' records by 31 March 2018.

B3) Who will the cheque be addressed to and where will it be mailed to?

The cheque will be addressed to the employer that was registered with CPFIB as the employer who made the CPF contributions to the qualifying employee(s) in 2017.

The cheque will be mailed to the employer's address as per IRAS' records in March 2018. IRAS obtains the address of the business entity from ACRA and the relevant UEN Issuance Agency. In the case of individuals without a business UEN, the cheque will be mailed to the individual's NRIC address.

B4) Is there a minimum Wage Credit before payment is made?

As employers find it cumbersome to bank in cheques for small amounts, IRAS will not mail the cheque if the Wage Credit or net amount payable after offsetting any outstanding tax, is less than \$5. The amount will be paid with the next payout by end March 2018. The employer may however contact IRAS to mail the cheque, if he prefers to have it. At the end of 5 years, IRAS will mail all employers any outstanding Wage Credit, even if the amount is still less than \$5.

For employers who have GIRO bank accounts with IRAS, their Wage Credit will be credited directly into the account regardless of the amount.

B5) Can we request for the Wage Credit to be paid to a director of the company?

No. Wage Credit will only be paid to the company and not to any director.

B6) What if the cheque has expired or I have misplaced the cheque?

Please email IRAS at wcs@iras.gov.sg with the following details:

- (a) UEN/ NRIC/ FIN number
- (b) Contact number
- (c) Reason for requesting a replacement cheque

No replacement cheque will be issued after the Wage Credit Scheme ends.

B7) I have satisfied all the eligibility criteria but the online eligibility check shows that I'm not eligible. What could be the reason?

It is likely that an invalid UEN or a different UEN was used to make CPF contributions for your employees.

If you would like us to review your case, please complete the [Appeal Form](#) and send it to IRAS at the following address, with the relevant supporting documents, by 30 June 2018:

***Wage Credit Scheme Office
Inland Revenue Authority of Singapore
55 Newton Road
Singapore 307987***

Only appeals on Wage Credit for that particular qualifying year, and not previous years, will be considered. Each appeal will be considered on a case-by-case basis.

You may also email us a scanned copy of the completed Appeal Form and relevant supporting documents at wcs@iras.gov.sg. IRAS reserves the right to request for the original hardcopy of the Appeal Form for verification.

B8) I have confirmed from the online eligibility check that I am eligible for Wage Credit for qualifying year 2017 but have not received any notification from IRAS. What should I do?

If you are eligible for Wage Credit for qualifying year 2017, IRAS will notify you by post by 31 March 2018.

You should ensure that you have updated your registered address with ACRA or the Issuance Agency of the UEN.

If you do not receive a notification letter from IRAS, please email IRAS at wcs@iras.gov.sg.

(C) How much Wage Credit will an employer receive?

C1) How is Wage Credit on each employee calculated for qualifying year 2017?

Wage Credit on each employee = 20% x qualifying wage increase in 2017 x number of months of CPF contribution in 2017.

The qualifying wage increase in 2017 is the increase in the employee's gross monthly wage (GMW) in 2017 over 2016, up to a GMW ceiling of \$4,000. The increase must be at least \$50.

For the qualifying year 2017, you will also receive Wage Credit for any wage increases (at least \$50) that you had previously given to your employees in 2015 and/or 2016 that was sustained in 2017.

Example: Suppose an employer hired an employee from Jan 2012 to Dec 2017. The employer increased his GMW from \$1,900 in 2012 to \$2,000 in 2013 and further increased his GMW to \$2,200 in 2014. In 2015, the employee earned a GMW of \$2,400, which was further increased to \$2,700 in 2016 and \$2,900 in 2017.

Wage Credit for Qualifying Year 2013 received in Mar 2014

Qualifying wage increase in 2013 = GMW in 2013 – GMW in 2012
= \$2,000 - \$1,900
= \$100

Wage Credit for qualifying year 2013 = 40% x \$100 x 12 months
= \$480

Wage Credit for Qualifying Year 2014 received in Mar 2015

Qualifying wage increase in 2014 = GMW in 2014 – GMW in 2013
= \$2,200 - \$2,000
= \$200

Sustained wage increase in 2014 = GMW in 2013 – GMW in 2012
= \$2,000 - \$1,900
= \$100

Total qualifying wage increase in 2014 = \$200 + \$100
= \$300

Wage Credit for qualifying year 2014 = 40% x \$300 x 12 months
= \$1,440

Wage Credit for Qualifying Year 2015 received in Mar 2016

Qualifying wage increase in 2015 = GMW in 2015 – GMW in 2014
= \$2,400 - \$2,200
= \$200

Sustained wage increase in 2015 = (GMW in 2013 – GMW in 2012) +
(GMW in 2014 – GMW in 2013)
= (\$2,000 - \$1,900) + (\$2,200 - \$2,000)
= \$300

Total qualifying wage increase in 2015 = \$200 + \$300
= \$500

Wage Credit for qualifying year 2015 = 40% x \$500 x 12 months
= \$2,400

Wage Credit for Qualifying Year 2016 received in Mar 2017

Qualifying wage increase in 2016 = GMW in 2016 – GMW in 2015
= \$2,700 - \$2,400
= \$300

Sustained wage increase in 2016 = GMW in 2015 – GMW in 2014
= \$2,400 - \$2,200
= \$200

Total qualifying wage increase in 2016 = \$300 + \$200
= \$500

Wage Credit for qualifying year 2016 = 20% x \$500 x 12 months
= \$1,200

Wage Credit for Qualifying Year 2017 to be received in Mar 2018

Qualifying wage increase in 2017 = GMW in 2017 – GMW in 2016
= \$2,900 - \$2,700
= \$200

Sustained wage increase in 2017 = (GMW in 2016 – GMW in 2015) +
(GMW in 2015 – GMW in 2014)
= (\$2,700 - \$2,400) + (\$2,400 - \$2,200)
= \$500

Total qualifying wage increase in 2017 = \$200 + \$500
= \$700

Wage Credit for qualifying year 2017 = 20% x \$700 x 12 months
= \$1,680

C2) What is “gross monthly wage (GMW)” and how is it derived?

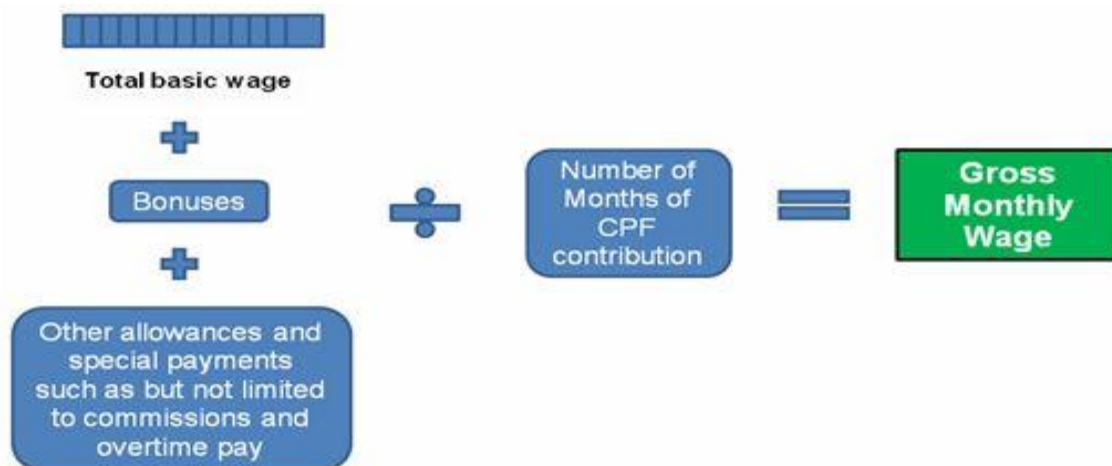
Gross monthly wage (GMW) is defined as the total wages paid by the employer to the employee in the calendar year that attract CPF contributions (including basic salary, allowances, commissions and bonuses), divided by the number of calendar months in which CPF contributions were made. Total wages exclude employer CPF contributions.

Total wages are computed from the CPF contributions that the employer makes for the employee for each month, on the remuneration for which CPF contributions are payable under the CPF Act.

Where the employee did not work for the full month in any calendar month, the GMW would not be pro-rated to the actual number of days worked in that month. This is to enable the WCS payouts to be automatically and expediently computed and disbursed, without the need for employers to apply for the Scheme and without the need for the employers to declare the number of days the employees worked for them in every calendar month. Thus the GMW could lead to a lower than the average monthly wage pro-rated by the actual number of days worked.

As the Wage Credit amount is computed based on the increase in the GMW over a two-year period, this way of deriving the GMW may work to the advantage or disadvantage of some employers in some cases and in some years. However, a lower GMW in any year could also mean a higher qualifying wage increase and therefore a high Wage Credit amount in the following year.

ILLUSTRATION



Example 1: Suppose an employer hired an employee from 1 Jan 2014 to 30 Apr 2017.

	2014	2015	2016	2017
Number of calendar months of CPF contributions	12	12	12	4
Basic monthly wage	\$2,500	\$2,800	\$3,000	\$3,200
Monthly transport allowance	\$300	\$300	\$300	\$300
Annual bonus	\$1,200	0	0	\$1,000
Gross monthly wage	\$2,900	\$3,100	\$3,300	\$3,750

Employee's GMW in 2014: $[(\$2,500 + \$300) \times 12 \text{ months}] + \$1,200 / 12 = \$2,900$

Employee's GMW in 2015: $[(\$2,800 + \$300) \times 12 \text{ months}] / 12 = \$3,100$

Employee's GMW in 2016: $[(\$3,000 + \$300) \times 12 \text{ months}] / 12 = \$3,300$

Employee's GMW in 2017: $[(\$3,200 + \$300) \times 4 \text{ months}] + \$1,000 / 4 = \$3,750$

Example 2: Suppose an employer hired an employee drawing a monthly wage of \$3,000 from 20 Apr 2017 to 4 Jun 2017.

	2017
Number of calendar months of CPF contributions	3

Monthly wage	\$3,000
Gross monthly wage	$\frac{\$3,000 \times 11/30 \text{ (Apr)} + \$3,000 \times 1 \text{ month (May)} + \$3,000 \times 4/30 \text{ (Jun)}}{3}$ = \$1,500

C3) If my employee in 2017 had previously worked for me and two other employers in 2016, how is the gross monthly wage (GMW) for 2016 derived for the purpose of computing my Wage Credit for qualifying year 2017?

If your employee had worked for you for at least 3 months in both 2017 and 2016, his Wage Credit in 2017 is computed based on the increase in GMW that you gave him in 2017 over the GMW that you gave him in 2016, regardless of the wages that other employers gave him in 2016.

However, if your employee worked less than 3 months for you in 2016, but he worked for at least 3 months each for two other employers in 2016, his Wage Credit in 2017 is computed based on the increase in GMW that you give him in 2017 over the highest GMW that he earns from his other employers in 2016.

C4) How do I check if the Wage Credit shown in the notification letter is correctly derived?

Wage Credit for each employee is derived from the CPF contributions made by his employer on the wages paid to him. You can use the WCS Calculator at www.iras.gov.sg/irasHome/wcs.aspx to check your calculation against the amount shown in the notification letter. Minor deviations could be due to rounding differences. If there are significant differences, please check if the CPF contributions were made correctly.

Example: Suppose an employer hires an employee from Jan 2012 to Dec 2017. The employer made monthly CPF contributions (employer's and employee's share) of \$720 in 2012, \$828 in 2013, \$900 in 2014, \$999 in 2015, \$1,110 in 2016 and \$1,147 in 2017 for the employee. Assuming the total CPF contribution rate is 37%.

	2012	2013	2014	2015	2016	2017
Number of qualifying months on employer's payroll	12	12	12	12	12	12
Monthly total CPF contribution	\$720	\$828	\$900	\$999	\$1,110	\$1,147
Gross monthly wage	\$720/36% = \$2,000	\$828/36% = \$2,300	\$900/36% = \$2,500	\$999/37% = \$2,700	\$1,110/37% = \$3,000	\$1,147/37% = \$3,100

Wage Credit for Qualifying Year 2013 received in Mar 2014

Qualifying wage increase in 2013 = GMW in 2013 – GMW in 2012
= \$2,300 - \$2,000
= \$300

Wage Credit for qualifying year 2013 = 40% x \$300 x 12 months
= \$1,440

Wage Credit for Qualifying Year 2014 received in Mar 2015

Qualifying wage increase in 2014 = GMW in 2014 – GMW in 2013
= \$2,500 - \$2,300
= \$200

Sustained wage increase in 2014 = GMW in 2013 – GMW in 2012
= \$2,300 - \$2,000
= \$300

Total qualifying wage increase in 2014 = \$200 + \$300
= \$500

Wage Credit for qualifying year 2014 = 40% x \$500 x 12 months
= \$2,400

Wage Credit for Qualifying Year 2015 received in Mar 2016

Qualifying wage increase in 2015	= GMW in 2015 – GMW in 2014 = \$2,700 - \$2,500 = \$200
Sustained wage increase in 2015	= (GMW in 2014 – GMW in 2013) + (GMW in 2013 – GMW in 2012) = (\$2,500 - \$2,300) + (\$2,300 - \$2,000) = \$200 + \$300 = \$500
Total qualifying wage increase in 2015	= \$200 + \$500 = \$700
Wage Credit for qualifying year 2015	= 40% x \$700 x 12 months = \$3,360

Wage Credit for Qualifying Year 2016 received in Mar 2017

Qualifying wage increase in 2016	= GMW in 2016 – GMW in 2015 = \$3,000 - \$2,700 = \$300
Sustained wage increase in 2016	= GMW in 2015 – GMW in 2014 = \$2,700 - \$2,500 = \$200
Total qualifying wage increase in 2016	= \$300 + \$200 = \$500
Wage Credit for qualifying year 2016	= 20% x \$500 x 12 months = \$1,200

Wage Credit for Qualifying Year 2017 to be received in Mar 2018

Qualifying wage increase in 2017	= GMW in 2017 – GMW in 2016 = \$3,100 - \$3,000 = \$100
Sustained wage increase in 2017	= (GMW in 2016 – GMW in 2015) + (GMW in 2015 – GMW in 2014) = (\$3,000 - \$2,700) + (\$2,700 - \$2,500) = \$300 + \$200 = \$500
Total qualifying wage increase in 2017	= \$100 + \$500 = \$600
Wage Credit for qualifying year 2017	= 20% x \$600 x 12 months = \$1,440

(D) Requests for Breakdown of Wage Credit by Employee

D1) How do I obtain a breakdown of my total Wage Credit by employee?

From the last week of March 2018 till 31 October 2018, you may submit an online request for a breakdown of your total Wage Credit by employee, on the [WCS website](#). For security and operational reasons, any request for breakdown of Wage Credit will only be accepted via the online request form.

If you have 100 or fewer qualifying employees, you will receive the information within 7 working days of your request.

If you have more than 100 qualifying employees, IRAS will provide the breakdown in a CD and a fee of \$100-\$150 is payable to cover administrative costs. IRAS will contact you for the payment and collection of the CD.

Should the request for Wage Credit breakdown pertain to new hires, consent would have to be obtained from the new hires as their Wage Credit amounts might indirectly disclose their wages from their previous employment. Consent has to be obtained even if the new hire has ceased employment.

To show proof that you have obtained consent from your new employees, please download and complete the following forms:

- i) [Consent Form](#) for each new employee to sign, which you should retain and produce only upon request by IRAS; and
- ii) [Declaration Form](#) to declare that each new employee has signed the above consent form. Please sign and return the declaration form to IRAS at the following address **within a month** from the date of request:

*Wage Credit Scheme Office
Inland Revenue Authority of Singapore
55 Newton Road
Singapore 307987*

IRAS reserves the right to request for the consent forms signed by each new employee, to verify that they have been signed.

D2) Is there a deadline to submit my request for Wage Credit breakdown by employee?

All requests for breakdown of Wage Credit by employee must be submitted by 31 October 2018.

(E) Appeals for re-computation or adjustment of Wage Credit

E1) Can I appeal for re-computation or adjustment of my Wage Credit for qualifying year 2017?

Wage Credit for each employee is derived from the monthly CPF contributions made by his employer on his 2014, 2015, 2016 and 2017 wages. Use the [WCS Calculator](#) to check your calculation against the amount shown in the notification letter. Minor deviation could be due to rounding differences. If there are significant differences, please check if the CPF contributions were made correctly.

If you wish to appeal for a re-computation or adjustment of your Wage Credit, please complete the [Appeal Form](#) and send it to IRAS at the following address, with the relevant supporting documents, by 30 June 2018:

*Wage Credit Scheme Office
Inland Revenue Authority of Singapore*

**55 Newton Road
Singapore 307987**

You may also email us a scanned copy of the completed Appeal Form and relevant supporting documents at wcs@iras.gov.sg. IRAS reserves the right to request for the original hardcopy of the Appeal Form for verification.

Appeals will be considered on a case-by-case basis. You must substantiate your claim with supporting documents. Where necessary, IRAS may request for additional supporting documents and/or seek a statutory declaration from the appellant/ his employees.

E2) Is there a deadline to submit appeals for re-computation or adjustment of my Wage Credit for qualifying year 2017?

All appeals, together with the necessary supporting documents, must reach IRAS by 30 June 2018.

(F) How will the following changes to the employer's status affect the eligibility for Wage Credit for qualifying year 2017?

F1) Change to the name of the business entity

If the name of the business entity changes without any change to the UEN, it would not affect the eligibility of the business entity. Wage Credit will be automatically paid to the business entity bearing the new name, provided the name of the business entity has been updated with ACRA by Dec 2017.

If the UEN of the business entity changed in 2016 or 2017, leading to either no Wage Credit or a lower Wage Credit, you may appeal to IRAS to re-compute the Wage Credit only if there was a transfer of rights and obligations from the old UEN to the new UEN. The appeal must be submitted by 30 June 2018 with supporting documents. See (E) Appeals.

F2) Change to UEN arising from changes to the type of business entity (e.g. conversion from sole proprietorship to private limited company)

A change to the UEN would affect the Wage Credit eligibility. If the change has led to either no Wage Credit or a lower Wage Credit, you may appeal to IRAS to re-compute the WCS payout only if there was a transfer of rights and obligations from the old UEN to the new UEN. The appeal must be submitted by 30 June 2018 with supporting documents. See (E) Appeals.

F3) Deregistration of employer in first quarter of 2018

The gross monthly wage and Wage Credit for the qualifying year 2017 can only be computed after the end of the year 2017, and the payout will only be disbursed to the registered employer in March 2018. If you have deregistered in the first quarter of 2018 (e.g. businesses and companies that had dissolved, struck off, terminated or ceased registration), you would not automatically receive the Wage Credit.

F4) Merger of two companies

If the UEN of the company remains the same, Wage Credit will automatically be paid to the same UEN. If the UEN is changed, the company may appeal to IRAS to re-compute the Wage Credit of the new UEN. Appeals will be considered on a case-by-case basis, to establish if the amalgamation occurred pursuant to Part VII of the Singapore Companies Act, and if the rights, obligations and all assets have been transferred to the new company.

F5) Issuance of a new UEN due to cancellation of old UEN by ACRA or other Issuance Agencies

The entity may appeal to IRAS to re-compute the Wage Credit of the new UEN. Appeals will be considered on a case-by-case basis, to establish that the old UEN was cancelled and replaced by a new UEN to the same business entity.

(G) How will the following changes to the employee's status affect the eligibility for Wage Credit for qualifying year 2017?

G1) Changes in citizenship status of the employee

Only the months in 2016 and 2017 in which an employee was Singapore Citizen will count towards the minimum 3 months of CPF contribution in 2016 and 2017. Employers will also receive Wage Credit only for the months in 2017 in which the employee was a Singapore Citizen.

If a non-Singapore Citizen becomes a Singapore Citizen in a given month, the month will be considered. If a Singapore Citizen renounces his citizenship (i.e. becomes a non-Singapore Citizen) in a given month, the following month onwards will not be considered.

G2) Death of the employee

The months following the death month of the employee will not be considered for the Wage Credit.

G3) Posting or secondment of employee to an overseas branch of a company

The employer may still qualify for Wage Credit for Singaporean employees who are posted to an overseas branch/ seconded overseas, even though he does not have to pay CPF contributions for these employees.

If the employer continues to make CPF contributions on the employee's wages, Wage Credit will automatically be computed based on the employee's CPF contribution records.

But if the employer does not make CPF contributions for the months in which the employee was overseas, Wage Credit will not be automatically computed for these months. The employer may appeal to IRAS to consider these months for Wage Credit. A notional CPF contribution may be required for each month of appeal, to serve as a check that the employer genuinely hired the employee in the month. The employer must also provide documentary proof that he had paid the wages of the employee in those months (e.g. employment contract, pay slips etc.). Appeals will be considered on a case-by-case basis. See (E) Appeals.

(H) Prevention of Abuse of the Scheme

H1) How does the Government know the wages that I pay my employees?

The wages that an employer pays his employee are derived from the compulsory CPF contributions that the employer makes for the employee.

Where there are irregular or significant changes to the CPF contributions made, CPFBI/IRAS may investigate the case to ensure the authenticity of the employee and the wages he received. Any attempt by the employer to abuse the Scheme to benefit from the Wage Credit will be dealt with seriously. See question below.

H2) How will the Government prevent abuse of the Scheme?

IRAS will be on the lookout for irregular and significant wage changes and employer-employee collusions intended to abuse the Scheme. IRAS may request that employers submit supporting documents for verification or make a Statutory Declaration. Employers

must submit all supporting documents requested by IRAS in order to receive their Wage Credit payout.

The Government will firmly deal with wilful misrepresentations and fraudulent activities conducted to benefit from the Scheme.

Employers suspected of providing false information or hiring phantom workers will be reported to the police. If convicted, the Government reserves the right to disqualify the employer from the WCS and other Government schemes.

If you know or suspect someone who has abused the Scheme or engaged in fraudulent activities, click [here](#) for details on how to report the suspected abuse or fraud. IRAS will ensure that the informants' identities are kept confidential.

(I) [Link to Other Useful Material](#)

- [Quick Guide on Fifth Wage Credit Scheme Payout 2018 \(Chinese\)](#)