

Quick Guide on the Wage Credit Scheme (WCS) Extension

Overview

The Wage Credit Scheme (WCS) supports businesses embarking on transformation efforts, and encourages employers to share productivity gains with workers by co-funding wage increases. It was introduced in Budget 2013 and extended in Budget 2015.

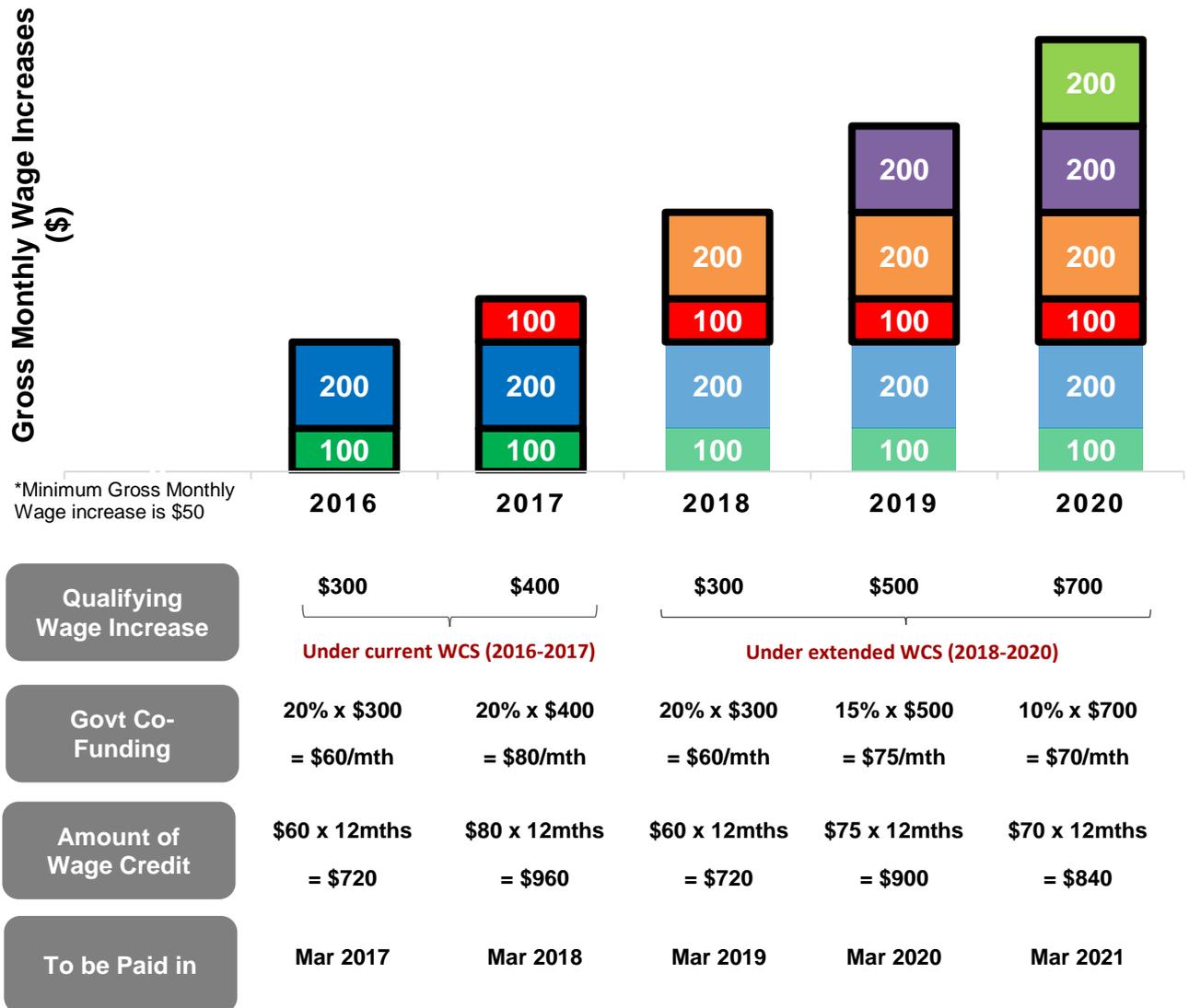
In Budget 2018, the WCS will be extended for three more years (2018 – 2020). Government co-funding of qualifying wage increases in 2018 will be 20%, and will be tapered in subsequent years.

A summary of the changes is in the table below.

Changes to the design of WCS under the extension

Scheme	Current WCS (2016-2017)	Extension of WCS (2018-2020)
Qualifying years	<ul style="list-style-type: none"> 2016 and 2017 	<ul style="list-style-type: none"> 2018, 2019 and 2020
Level of co-funding	<ul style="list-style-type: none"> 20% of qualifying wage increases for both years 	<ul style="list-style-type: none"> 20% of qualifying wage increases in 2018 15% of qualifying wage increases in 2019 10% of qualifying wage increases in 2020
Qualifying wage increases	<ul style="list-style-type: none"> Gross monthly wage increases of at least \$50 given to Singaporean employees in the qualifying year, up to a gross monthly wage level of \$4,000, will receive co-funding. In addition, gross monthly wage increases of at least \$50 given in 2015 and 2016, and sustained in subsequent years of the scheme, will be supported. 	<ul style="list-style-type: none"> Gross monthly wage increases of at least \$50 given to Singaporean employees in the qualifying year, up to a gross monthly wage level of \$4,000, will receive co-funding. In addition, gross monthly wage increases of at least \$50 given in 2017, 2018 and 2019, and sustained in subsequent years of the scheme, will be supported.
Others	<ul style="list-style-type: none"> All other parameters remain the same. Employers do not need to apply for WCS. They will receive payouts automatically in March of the following year. 	

Illustration of Wage Credit computation



Top 2 Frequently Asked Questions

1. I am a company. How do I apply for the WCS?

Employers do not need to apply for Wage Credit. Wage Credit will be automatically paid to eligible employers annually, based on the CPF contributions that they make for their employees.

For each year that businesses qualify for Wage Credit, they will receive the Wage Credit at the end of March in the subsequent year. E.g., for qualifying year 2018, eligible employers will receive the Wage Credit at the end of March 2019.

Employers should ensure that CPF contributions for each month's wages are paid by the 14th of the following month.

2. What are the changes for the extended WCS?

There are two changes:

- a) Currently, Government co-funds 20% of qualifying wage increases for the qualifying years 2016-2017. The co-funding ratio will be maintained at 20% in 2018, but will be stepped down to 15% in 2019 and 10% in 2020.
- b) Only wage increases given after 2016 and sustained in subsequent years of the scheme will be supported. This is a change from the current WCS, where wage increases given after 2014 that are sustained in subsequent years are supported.

All other parameters remain the same.