



Employment Compliance Checklist for Singapore Startups

Hiring, Payroll, Work Passes, and
Key Statutory Obligations

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Introduction

Hiring your first employees is a major milestone for any startup. Singapore's employment framework is business-friendly but comes with a clear set of statutory obligations that every employer must meet from day one. Non-compliance can result in fines, penalties, and reputational harm.

This guide provides a practical, high-level checklist of the key employment compliance requirements that Singapore startups should be aware of when building their team – covering employment contracts, payroll and CPF, statutory leave, work passes for foreign talent, and other essential obligations.

The Employment Act at a Glance

The Employment Act 1968 (“EA”) is Singapore's primary employment legislation. It sets out minimum standards for employment terms and applies to all employees – both local and foreign – working under a contract of service, with limited exceptions (e.g., seafarers, domestic workers, and certain statutory board employees or civil servants).

Key points for startups:

- The EA applies regardless of nationality, meaning your obligations towards a foreign employee on an Employment Pass are generally the same as towards a Singaporean employee.
 - Certain additional protections under Part IV of the EA (working hours, overtime, rest days) apply only to workmen earning up to SGD 4,500 and to every employee (other than a workman or a person employed in a managerial or an executive position) who receives a salary up to SGD 2,600 a month.
 - Managers and executives are covered by the EA but are excluded from Part IV provisions on overtime and working hours.
 - The EA sets minimum standards – employers are free to offer more generous terms contractually.
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Employment Contracts and Key Employment Terms

While employment contracts in Singapore need not be in writing, the Ministry of Manpower (MOM) strongly recommends written contracts. Employers are required to provide employees with written records of Key Employment Terms (KETs) within 14 days of the start of employment.

Key Employment Terms to Include

- **Full name of employer**
- **Full name of employee**
- **Job title, main duties and responsibilities**

- **Start date and duration** (if fixed-term)
- **Working arrangements** - daily working hours, number of work days per week and rest day
- **Salary** – salary period, basic salary, fixed allowance and deductions, overtime payment period (if different from salary period) and payment schedule (must be paid at least once a month, within 7 days after the end of the salary period and for overtime work, within 14 days after the end of the salary period)
- **Overtime rate of pay** (if applicable under Part IV)
- **Salary-related components** – bonuses, incentives
- **Leave entitlements** – annual leave, outpatient sick leave, hospitalisation leave, maternity/paternity leave, childcare leave
- **Other medical benefits** – insurance, medical benefits and dental benefits
- **Notice period** for termination (statutory minimum can range from 1 day to 4 weeks, depending on length of service, unless a longer period is agreed)
- **Probationary period** (not statutory, but common practice – typically 3 to 6 months)
- **Place of work**

Practical Tip

It is strongly advisable to include confidentiality, intellectual property assignment, and (where appropriate) non-compete clauses in your employment agreements. Such confidentiality and intellectual property assignment clauses are particularly important for startups where IP protection is critical. Note that non-compete clauses are generally only enforceable if they are, among others, reasonable in scope, duration, and geography.

Payroll and CPF Contributions

Salary Payment

Employers must pay salary at least once a month, within 7 days after the end of the salary period. Overtime pay (where applicable) must be paid within 14 days after the end of the salary period. All salary components must be itemised in a payslip provided to each employee.

Central Provident Fund (CPF)

The CPF is Singapore's mandatory social security savings scheme. Employers must make CPF contributions for all Singapore citizens and permanent residents (PRs) employed under a contract of service. CPF is not payable for foreign employees on work passes.

Employee Category	Employer Rate	Employee Rate
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SG Citizen / PR (age ≤ 55)	Up to 17%	Up to 20%
SG Citizen / PR (age 56–60)	Up to 16%	Up to 18%
SG Citizen / PR (age 61–65)	Up to 12.5%	Up to 12.5%
Foreign employees (EP/S Pass/WP)	Not applicable	Not applicable

Note: CPF contribution rates vary based on the employee’s age, citizenship status, and wage level. Reduced rates may apply during the first two years for new PRs. The CPF Ordinary Wage ceiling is currently SGD 8,000 per month. Employers should refer to the CPF Board’s contribution rate tables for the applicable rates.

Skills Development Levy (SDL)

All employers must pay the SDL for every employee (including foreign workers). The levy is 0.25% of the employee’s monthly remuneration, subject to a minimum of SGD 2 for an employee earning less than \$800 a month and a maximum of SGD 11.25 for an employee earning more than \$4,500 a month.. SDL funds are used to support workforce upgrading programmes.

Foreign Worker Levy

Employers of S Pass and Work Permit holders must pay a monthly foreign worker levy to MOM. The levy rates vary by sector, the employer’s dependency ratio, and the type of work pass. Employment Pass holders are not subject to a foreign worker levy.

Statutory Leave Entitlements

The following are the key statutory leave entitlements that startups must provide. Employers may contractually offer more generous terms.

Annual Leave	Minimum 7 days for employees with at least 3 months’ service, increasing by 1 day per year of service up to 14 days.
Sick Leave	14 days outpatient sick leave and 60 days hospitalisation leave per year (inclusive of the 14 outpatient days), subject to medical certification.
Public Holidays	11 gazetted public holidays per year. Employees are entitled to paid holidays or replacement compensation.
Maternity Leave	16 weeks for Singapore citizen children (Government-paid for the last 8 weeks, capped); 12 weeks for non-citizen children.
Paternity Leave	4 weeks of Government-paid paternity leave (mandatory from 1 April 2025 for eligible fathers).

Shared Parental Leave	For children born from 1 April 2025 to 31 March 2026: 6 weeks of shared parental leave (increasing to 10 weeks for children born from 1 April 2026), which parents may allocate between them.
Childcare Leave	6 days per year per parent for Singapore citizen children under 7 years old (3 days Government-paid, 3 days employer-paid); 2 days for children aged 7–12.
Adoption Leave	12 weeks for qualifying adoptive mothers of Singapore citizen children.

Work Passes for Foreign Talent

Startups often need to hire foreign professionals, particularly in technology, finance, and other specialised fields. The most relevant work pass categories are outlined below.

Employment Pass (EP)

The EP is the primary work visa for foreign professionals, managers, executives, and technicians. It is the most common pass for higher-skilled roles in startups.

Minimum Salary	SGD 5,600/month (general sectors) or SGD 6,200/month (financial services), as of 1 January 2025 (increasing respectively to SGD 6,000/month and SGD 6,600/month as of 1 January 2027). The minimum increases with the candidate's age.
COMPASS Framework	Since September 2023, all EP applications must pass the Complementarity Assessment Framework (COMPASS), a points-based system requiring at least 40 points. Criteria include salary benchmarks, qualifications, workforce diversity, and support for local employment.
COMPASS Exemptions	Candidates earning SGD 22,500/month or more are exempt from COMPASS. Intra-corporate transferees under applicable trade agreements are also exempt.
Small Company Benefit	Companies with fewer than 25 PMET employees automatically receive 10 points each for the diversity (C3) and local employment support (C4) criteria.
Fair Consideration	Employers must advertise the role on MyCareersFuture for at least 14 days before applying for an EP (Fair Consideration Framework), unless exempt.
Validity	Typically up to 2 years for first-time applicants; up to 3 years for renewals. Experienced tech professionals with skills in shortage may be eligible for a longer 5-year EP.

Application	Applied for by the employer (not the candidate)/employment agent via MOM's myMOM Portal. Processing/an update typically takes around 10 business days.
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 **COMPASS for Startups**

The COMPASS framework can be navigated successfully even by early-stage startups. The small company default of 10 points each on C3 (Diversity) and C4 (Local Employment) gives startups a significant head start. Combined with a competitive salary (10–20 points) and a recognised degree (10–20 points), reaching the 40-point threshold is achievable.

Other Work Pass Categories

EntrePass	For eligible foreign entrepreneurs who wish to start and operate a new business in Singapore. Requires backing by government-approved or internationally renowned venture capital; government-recognised or internationally renowned incubator support; having founded and sold a business that is venture-backed or owns innovative technologies; the registered business or proposed business holding registered IP which provides significant competitive advantage which cannot be easily replicated to the business; or the business has a recognised ongoing research collaboration in Singapore.
S Pass	For skilled foreign employees. For new applications submitted from September 2025, minimum salary of SGD 3,300/month (all except financial services) and SGD 3,800 (for financial services), increasing respectively to SGD 3,600 and SGD 4,000 for new applications submitted from January 2027). Subject to a dependency ratio ceiling and foreign worker levy.
Personalised Employment Pass (PEP)	For high-earning EP holders or overseas foreign professionals earning at least SGD 22,500/month. Not tied to a specific employer, offering greater flexibility.
Dependant's Pass (DP)	For legally married spouses and unmarried children under 21 years of EP or S Pass holders. DP holders who wish to work in Singapore must obtain a separate Letter of Consent (LOC) from MOM.
Work Permit	For semi-skilled or skilled foreign workers in specific sectors (construction, manufacturing, certain services, etc.). Subject to strict quotas, levies, and sector-specific requirements.

Flexible Work Arrangements

Employers in Singapore are required to have a process in place for handling requests for Flexible Work Arrangements (FWAs) from employees. Key requirements include:

- Employees who have completed their probation period may submit a formal FWA request.
- Employers must respond in writing within 2 months of receiving the request.
- If a request is denied, the employer must provide a valid business reason.
- Employers are encouraged to document all requests and decisions.

While employers are not obliged to approve every request, they are expected to give genuine consideration to FWA requests and not penalise employees for making them.

Workplace Fairness and Anti-Discrimination

The Workplace Fairness Act 2025 (WFA) was passed on 8 January 2025 and is expected to come into effect in 2026 or 2027. The WFA will be Singapore's first comprehensive anti-discrimination legislation and will prohibit adverse employment decisions based on protected characteristics including age, nationality, sex, race, religion, disability, and mental health conditions.

Key implications for startups:

- Implement non-discriminatory hiring, promotion, and termination practices.
- Establish a formal grievance handling process for discrimination complaints.
- Train managers and HR personnel on fair employment practices.
- Document employment decisions to demonstrate compliance with merit-based principles.

Preparing for the WFA

Although the WFA has not yet come into force, the Tripartite Guidelines on Fair Employment Practices (TGFEPP) already set expectations that MOM enforces. Startups should build fair employment practices into their processes from the outset.

Employee Tax Obligations

Singapore operates a self-assessment tax system. Key employer obligations in relation to employee tax include:

- **Annual IR8A filing** – Employers must prepare and submit Form IR8A and related appendices to IRAS by 1 March each year, reporting each employee's employment income for the preceding calendar year.

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- **Tax clearance for departing foreigners** – Employers must file a tax clearance request (Form IR21) with IRAS at least one month before a foreign employee ceases employment or leaves Singapore. The employer must withhold all monies due to the employee until IRAS issues the Notification to Release Monies.
 - **No withholding tax on salaries** – Unlike some jurisdictions, Singapore does not require employers to withhold income tax from employees' monthly salaries (except for tax clearance situations for departing foreign employees).
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Record-Keeping Obligations

Employers must maintain proper employment records for all employees, subject to exceptions by the EA. For such current employees, records must be kept for the latest 2 years. For such ex-employees, records must be kept for the last 2 years and at least 1 year after they have left the employment. Records that must be kept include:

- Employee's personal particulars and employment terms.
- Salary records, including itemised payslips.
- Leave records.
- CPF contribution records.
- Records of overtime hours worked (for Part IV employees).

Failure to maintain proper records is an offence under the EA and can result in fines.

Useful Resources

- **Ministry of Manpower (MOM):** www.mom.gov.sg
 - **Employment Act 1968:** sso.agc.gov.sg
 - **CPF Contribution Rates:** www.cpf.gov.sg
 - **Employment Pass & COMPASS:** www.mom.gov.sg/passes-and-permits
 - **MOM Self-Assessment Tool (SAT):** www.mom.gov.sg/eservices/services/employment-s-pass-self-assessment-tool
 - **Tripartite Guidelines on Fair Employment Practices:** www.tal.sg/tafep
 - **IRAS (Employer Tax Obligations):** www.iras.gov.sg
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Disclaimer

This guide is intended for general informational purposes only and does not constitute legal or professional advice. Employment laws and regulations in Singapore are subject to change. Startups should seek independent professional advice tailored to their specific circumstances, workforce composition, and industry sector before making employment-related decisions.

Questions? Get in touch.

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