Singapore: Eligibility review for Job Support Scheme and Jobs Growth Incentive payments

19 April 2021

In brief

In 2020, the Singapore government has introduced various support measures to support individuals and businesses to cope with the COVID-19 challenges. Key support measures to preserve jobs for Singaporeans and Singapore Permanent Residents (SPRs) are the Job Support Scheme (JSS) and Jobs Growth Incentive (JGI). Both schemes provide cash flow support to employers.

The JSS and JGI schemes rely on Central Provident Fund (CPF) contribution data as the source of truth to determine employee's wages and consequently, the payment amount that employers are eligible for, hence it is critical for companies to ensure compliance with CPF.

Employers are encouraged to conduct a self-review on their CPF contributions and maintain the required declarations and documentations to ensure that they are audit ready to substantiate their eligibility for the JSS and JGI payments.

In detail

Job Support Scheme (JSS)

The JSS was introduced in the Unity budget on 18 February 2020 to provide wage support to employers in retaining local employees (i.e. Singapore Citizens and SPRs). Originally slated to cover wages until August 2020 with the final payment in October 2020, the Government has subsequently announced further extension of the scheme to cover wages up to March 2021, but at lower support levels as the economy recovers and stabilises. In the latest Budget statement announced on 16 February 2021, the Government has further extended the JSS for hard hit sectors for additional six months, covering wages paid up to September 2021.

Jobs Growth Incentive (JGI)

Aimed at supporting the Government's efforts to create new jobs for the local workforce, the Government has launched the JGI to provide employers with support to accelerate their hiring of local workforce (i.e. Singapore Citizens and SPRs) from September 2020 to September 2021. Under the JGI, the Government will co-pay 25% to 50% of the gross monthly wages, subject to capping limit, for a period of 12 to 18 months for each new local hire. The amount of co-payment, capping limit and the eligible period of JGI payment is dependent on the age of the individual and whether the individual falls under the category of Persons with Disabilities (PwDs) or ex-offenders.

In general, eligible employers must meet the following conditions to qualify for the JGI:

1. There must be an increase in overall local workforce size; and
2. There must be an increase in local workforce size earning at least S$1,400 per month.

Since the intention of JGI is to promote the hiring and retention of the local workforce, adjustments will be made to the payment if there are changes in the employment period or the employment ratio during the 12 or 18 month-period.

Efforts to curb JSS and JGI abuse

The IRAS takes a serious view on any attempts to abuse any wage subsidy and job support schemes. As part of the IRAS efforts to safeguard the country's resources, the following actions have been taken:

- Set up a robust anti-gaming framework to ensure that payments are fairly and correctly disbursed;
- Dedicated team to review the authenticity and accuracy of CPF amounts;
- Use of data analytics and risk profiling to identify cases for review;
- Request selected employers to conduct self-reviews to substantiate their eligibility for JSS or JGI payments; and
- Provide a convenient platform to encourage businesses or individuals to report malpractice claims or potential abuse to the IRAS.

Where employers are unable to provide support to substantiate their eligibility to the payments, these payments may be denied.

In the latest statement released by the Inland Revenue Authority of Singapore (IRAS) on 2 October 2020, around 2,200 employers have been reviewed for their eligibility for JSS payments, 444 employers have been denied the JSS payments and four cases have been referred to the police for investigations.

An estimated S$10m has been denied. There were more than 300 reports from whistle-blowers on employers suspected to have abused the JSS according to IRAS. Where found guilty of such abuse, offenders may be imposed with a fine and potentially face imprisonment of up to ten years.

Some examples of abuses highlighted by IRAS are:

1. Making purported CPF contributions for non-genuine employees;
2. Continuing purported mandatory CPF contributions for employees who have been retrenched or put on no-pay leave; and
3. Increasing CPF contributions without any actual wage increase.

Following the hefty penalty as illustrated above and given that both JSS and JGI payments are computed based on mandatory CPF contributions, it is therefore critical for employers to ensure compliance with CPF.

Common mistakes made for CPF contributions

Some common errors made by employers are:

- Non contribution of CPF on cash reimbursements that attract CPF such as flexible benefit scheme;

- Non contribution of CPF for Singapore citizens or SPRs who are on short-term assignment in Singapore;
- Incorrect classification of ordinary and additional wages; and
- Failure to make CPF contributions by the stipulated grace period.

There are penalties and fines for not complying with the CPF Act and CPF Board takes a serious stance on employers who do not comply with the obligations.

The takeaway

Such uncertain times calls for businesses to be agile in finding new ways to ease cash flow constraints and remain competitive. Whilst the Singapore government has released a slew of support schemes in response to the changing COVID-19 situation, it is important that employers stay up to date to optimise the support for their businesses.

The CPF Board and the IRAS continue to strengthen their audit activities and have increased data analytics to detect non-compliance. To avoid being denied the JSS and JGI support and being subject to disciplinary actions, employers are strongly encouraged to review their CPF contributions for employees, update their business profile, rectify and adjust any reporting errors on a timely basis and maintain the appropriate supporting documents to ensure that they are audit-ready and leverage the government job support schemes.

Apart from ensuring rightful CPF contributions for employees, there are several other actions businesses can consider to further leverage on these support schemes:

1. Ensuring business records are updated to reflect the appropriate sector

The amount of JSS payments are determined in accordance to the sector each company is in. To avoid any doubt, it is important for businesses to regularly update their business records as they continue to evolve and ensure that the business profile correctly reflects the sector they are in. For companies that do not fall under Tier 1 or 2 but are part of the relevant sectors in those tiers, the IRAS will be prepared to review their eligibility to a higher payment following an appeal by the company.

2. Determining the right entity for CPF contributions

As both JSS and JGI payments are determined based on mandatory CPF contributions, companies with multiple entities in Singapore must ensure that the right entity is making the CPF contributions, notwithstanding any cost recharge arrangement. For employees who are impacted in a merger and acquisition activity, it is important to evaluate their employment and ensure that their CPF contribution is made by the appropriate entity.

Finally, while CPF contribution data is a key determining factor in the disbursement of the JSS or JGI payment, other factors such as the business profile records with Accounting and Corporate Regulatory Authority (ACRA) may also impact the employer’s eligibility and/or the amount of the payment. Employers are therefore recommended to ensure timely updates to their business profile and provide a true reflection of their current status.

Let’s talk

For a deeper discussion of how this impacts your business, please contact your Global Mobility Services engagement team or one of the following professionals:

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