

GMS Flash Alert

Employment Law

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Singapore – Announcement of Budget 2026

The Singapore Budget 2026 announcement introduces several significant changes affecting the employment of foreign workers, including higher minimum qualifying salaries for Employment Pass (EP) and S Pass holders, increases in Foreign Worker Levy (FWL) rates for certain sectors, and adjustments to the Local Qualifying Salary (LQS) for local employees.¹

WHY THIS MATTERS

These measures are expected to have a direct impact on global mobility programmes and employers with expatriate or foreign worker populations in Singapore. Increased salary thresholds for Employment Pass and S Pass applicants may affect both the cost and the eligibility criteria for hiring or renewing foreign professionals and mid-skilled workers. Adjustments to the LQS may influence companies' foreign worker quota calculations and could require payroll or contract updates for local staff.

Key Highlights

Following the Singapore Budget 2026 announcement, we would like to highlight the key updates for EP, S Pass, Work Permit, and LQS that may affect global mobility programmes and employers with expatriate or foreign worker populations in Singapore.

Employment Pass (EP)

The minimum qualifying salary for EP applicants has been revised for new EP applications from 1 January 2027 and renewal of EPs expiring from 1 January 2028:²

EP minimum qualifying salary		
Sector	Current	Revised
All (except financial services)	\$5,600* (up to \$10,700 by age 45 and above)	\$6,000* (up to \$11,500 by age 45 and above)
Financial services	\$6,200* (up to \$11,800 by age 45 and above)	\$6,600* (up to \$12,700 at age 45 and above)

**Increases progressively with age, from age 23*

S Pass

The minimum qualifying salary for S Pass has been updated as follows:

S Pass minimum qualifying salary			
Sector	Current		Revised
	Renewal of passes expiring from 1 Sep 2025 – 31 Aug 2026	New applications from 1 Sep 2025 Renewal of passes expiring from 1 Sep 2026 – 31 Dec 2027	New applications from 1 Jan 2027 Renewal of passes expiring from 1 Jan 2028
All (except financial services)	\$3,150* (up to \$4,650 by age 45 and above)	\$3,300* (up to \$4,800 by age 45 and above)	\$3,600* (up to \$5,100 by age 45 and above)
Financial services	\$3,650* (up to \$5,650 by age 45 and above)	\$3,800* (up to \$5,650 by age 45 and above)	\$4,000* (up to \$5,650 by age 45 and above)

**Increases progressively with age, from age 23*

Work Permit – Effective 2028

FWL Rates for the Marine Shipyard and Process Sectors

The monthly levy rate for Basic-Skilled (“R2”) Work Permit Holders is expected to rise by \$100 and \$150 for marine shipyard sector and process sector, respectively. There is no change to the levy rate for higher-skilled (“R1”) Work Permit Holders.

FWL rates for the Marine Shipyard and Process Sectors					
Sector	Current			Revised	
	Nationality	FWL for R1	FWL for R2	FWL for R1 (no change)	FWL for R2
Marine shipyard	-	\$350	\$500	\$350	\$600
Process	Malaysia, North Asian Sources, PRC	\$200	\$450	\$200	\$600
	Non-Traditional Sources	\$300	\$650	\$300	\$800

Notes:

- North Asian sources refer to Hong Kong, Macau, South Korea, and Taiwan.
- Non-Traditional sources refer to Bangladesh, Bhutan, Cambodia, India, Laos, Myanmar, the Philippines, Sri Lanka, and Thailand.

FWL Rates for the Services and Manufacturing Sectors

Currently, there are three Dependency Ratio Utilisation tiers. The government has announced that the FWL framework for these sectors would be simplified.

For each sector, the current Tier 1 and Tier 2 will be merged with the revision. There are no changes to the current Tier 3.

FWL rates for the Services and Manufacturing sectors					
Sector	Dependency Ratio Utilisation	Current		Revised	
		FWL for R1	FWL for R2	FWL for R1	FWL for R2
Services	Tier 1: Up to 10 percent	\$300	\$450	\$400	\$600
	Tier 2: Above 10 percent to 25 percent	\$400	\$600		
	Tier 3: Above 25 percent to 35 percent	\$600	\$800	\$600	\$800
Manufacturing	Tier 1: Up to 25 percent	\$250	\$370	\$300	\$470

	Tier 2: Above 25 percent to 50 percent	\$350	\$470		
	Tier 3: Above 50 percent to 60 percent	\$550	\$650	\$550	\$650

LQS – Effective 1 July 2026

With effect from 1 July 2026, the LQS for full-time local employees, which is used to compute a firm's foreign worker quota entitlement, will increase from \$1,600 to \$1,800. Part-time local workers are to be paid at least \$10.50 per hour.

Key Points

Firms hiring foreign workers are expected to meet both conditions:

- Pay Progressive Wage Model (PWM) wages to local employees covered under the relevant Sectoral or Occupational PWMs; and
- Pay all local employees not covered under PWM at least the LQS.

The computation of foreign worker quotas to be adjusted as follows:

- One local workforce count for each local worker earning $\geq$ \$1,800 per month
- Half local workforce count for each local worker earning at least \$900 but less than \$1,800 per month.

These measures continue Singapore's efforts to strengthen workforce quality, uplift lower-wage workers, and maintain a strong Singapore core.

KPMG INSIGHTS

In Singapore's Budget 2026, the government has introduced measures aimed at strengthening workforce quality and maintaining long-term sustainability.

In light of these changes, companies should consider assessing their foreign workforce to identify individuals who might no longer qualify for EP status and revisit their compensation structures to maintain compliance and support talent retention.

These changes are expected to shape how organisations plan for and manage both local and foreign talent and could also affect the computation of foreign worker quotas. The measures could have a direct impact on employers with expatriate and foreign worker populations in Singapore, including:

- **Higher EP and S Pass salary thresholds:** This may influence hiring timelines, eligibility assessments, and cost projections for foreign professionals and mid-skilled workers.
- **Revised foreign worker levy rates:** This could increase operating costs for sectors that rely heavily on Work Permit holders.

- **Adjustments to the LQS:** This could affect foreign worker quota calculations and may require updates to payroll, employment contracts, and workforce planning.

Proactive workforce reviews and budget planning could be essential to help maintain compliance and cost management ahead of implementation.

Employers are encouraged to engage and consult with their usual immigration adviser or a member of the KPMG Singapore Immigration team (see the Contacts section) for guidance.

ENDNOTES:

- 1 Government of Singapore, "[Singapore Budget](#)."
- 2 Unless otherwise stated, all monetary amounts are expressed in Singapore dollars (SGD).

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Contacts

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