



# HOW TO HIRE MY FIRST EMPLOYEE IN SINGAPORE

## MAIN LEGAL STEPS TO FOLLOW TO HIRE A FIRST EMPLOYEE

There are no legal requirements in hiring a local employee who is a Singaporean or a Singapore permanent resident (PR). For hiring of foreigners, the company must apply to the Ministry of Manpower (MOM) for an Employment Pass (EP) or a Work Permit (WP) for the foreigner. EP is mainly issued to foreign professionals who are hired to work in Singapore. There are various grades of EP and it differs depending on the monthly remuneration earned by the employee, his or her academic qualification and working experience. The current minimum monthly salary for the highest EP (Grade P1) is S\$8,000. Besides monthly salary, the MOM also examines the academic qualification and past working experience of an applicant.

WP is mainly issued to foreign workers with vocational skills.

The approval for EP and WP depends on the overall availability of job vacancies in Singapore and the specific knowledge and skill of the applicant. Applicants with knowledge or skill that are in demand and not available in Singapore will stand a better chance of getting the approval.

Besides EP and WP, the company must register itself as an employer with the Central Provident Fund Board (CPF) of Singapore. As a registered employer, the company is required to deduct and contribute monthly CPF contribution for local employees, and Skill Development Levy (SDL) for both local and foreign employees.

## DESIGN AND CONTENTS OF AN EMPLOYMENT CONTRACT

An employment contract in Singapore may be written or oral, expressed or implied. A contract of employment need not be in writing and it need not in any particular form. Having said that, most of the employers in Singapore has entered into written contract of employment with their employees. A typical contract of employment should cover the following essential aspects of an employment:

- Official Appointment;
- Date of commencement of employment;
- Description of duties and responsibilities;
- Reporting hierarchy;
- Remuneration package;
- Medical and other benefits;
- Annual leave entitlement;
- Probation period;
- Duration of the contract (if applicable); and
- Termination procedure.

## CAN SOMEBODY DO BUSINESS FOR ME AND NOT BE AN EMPLOYEE?

A Singapore business entity can engage the services of external service providers. These service providers are not employees of the business entity. Since they are not employees, the business entity is not required to comply with the requirements for hiring of employees.

The business entity can also outsource its internal functions to third party service providers. It is common in Singapore for business entities to outsource their accounting function, payroll processing, information technology and human resource activities to qualified external service providers.