COUNTRY PAYROLL GUIDE

Singapore Payroll, Benefits and Tax 2026

What employing someone in Singapore costs, what your employee takes home, and why two identical salaries can cost S$16,000 a year apart.

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The headline numbers

17% Employer CPF for a Citizen or PR aged 55 and under	**S$8,000** Ordinary Wage ceiling from 1 January 2026	**S$11.25** Monthly cap on the Skills Development Levy	**S$5,600** Employment Pass minimum qualifying salary

Singapore is the one market in the region where statutory employer cost turns on who you hire rather than how much you pay. CPF applies only to Citizens and Permanent Residents. For an Employment Pass holder the only statutory employer cost is the Skills Development Levy, capped at S$11.25 a month.

> **S Pass and Work Permit holders are different**
>
> They attract a monthly Foreign Worker Levy running into the hundreds of dollars per worker, varying by pass type, sector and dependency ratio. Employment Pass holders attract no levy at all.

CPF contribution rates by age

Citizens and Permanent Residents only, from 1 January 2026.

Age band	Employer	Employee
55 and under	17%	20%
Above 55 to 60	16%	18%
Above 60 to 65	12.5%	12.5%
Above 65 to 70	9%	7.5%
Above 70	7.5%	5%
Any work pass holder	None	None

Two ceilings apply: the Ordinary Wage ceiling caps monthly CPF wages at S$8,000, and the Additional Wage ceiling caps total annual CPF wages, including bonuses, at S$102,000.

The same S$8,000 salary, two ways

Tax resident, no other reliefs, 2026 CPF rates and the YA2024-onwards tax schedule. S$ per month.

	Citizen or PR, under 55	Employment Pass holder
Employer CPF	1,360.00	None
Skills Development Levy	11.25	11.25
Total cost to employer	9,371.25	8,011.25
Employee CPF	1,600.00	None
Monthly income tax	254.67	422.92
Employee takes home	6,145.33	7,577.08
Into CPF each month	2,960.00	Nothing

The employer pays S$16,320 a year more for the Citizen, and the pass holder takes home about S$1,432 more each month. Neither is simply better value: the Citizen's CPF is deferred pay, not a cost with nothing behind it.

Income tax

Residents pay 0% to 24%. Most employees file and pay annually; there is no monthly withholding.

Chargeable income (S$)	Rate on the band
0 to 20,000	0%
20,001 to 30,000	2%
30,001 to 40,000	3.5%
40,001 to 80,000	7%
80,001 to 120,000	11.5%
120,001 to 160,000	15%
160,001 to 200,000	18%
200,001 to 320,000	19% to 20%
320,001 to 1,000,000	22% to 23%
Over 1,000,000	24%

Non-resident employment income is taxed at a flat 15% or at resident rates, whichever produces the higher bill. Director's fees and other income are taxed at 24%. Mandatory CPF contributions are not taxable income.

Before a foreign employee leaves Singapore or changes employer, the employer must file Form IR21 and withhold monies for tax clearance, normally at least one month ahead.

What changed in 2026

- **1 January:** the Ordinary Wage ceiling rose from S$7,400 to S$8,000, the final step of the phased increase.
- **1 January:** CPF rates rose again for staff above 55, to 16% and 18% for the 55 to 60 band and 12.5% each for 60 to 65.
- **1 April:** shared parental leave doubled from 6 to 10 weeks for qualifying births.
- **1 July:** the Local Qualifying Salary rose from S$1,600 to S$1,800, announced at Budget 2026.

> **Budget for the 2027 work pass increase now**
>
> Employment Pass qualifying salaries rise to S$6,000, and S$6,600 in financial services, for new applications from 1 January 2027 and renewals from 1 January 2028. S Pass floors move to S$3,600 and S$4,000. A pass holder just above today's threshold will fail renewal unless you reprice the role first.

No minimum wage, but three floors

Floor	What it is
Local Qualifying Salary	S$1,800 a month from 1 July 2026. Sets what a local employee must be paid to count toward your Work Permit and S Pass quota.
Progressive Wage Model	Sector and occupation specific rates by job level and skill, covering cleaning, security, retail, food services, waste and several occupations.
Work pass qualifying salaries	S$5,600 for an Employment Pass, S$6,200 in financial services, S$3,300 for an S Pass. For technology employers this is the binding floor.

Leave, notice and retirement

- **Annual leave:** 7 days after the first year, rising by one day per year of service to 14. Most technology employers offer 14 to 21 from day one.
- **Sick leave:** 14 days outpatient and up to 60 days hospitalisation, the 60 inclusive of the 14.
- **Maternity:** 16 weeks. **Paternity:** 4 weeks, mandatory for eligible fathers of Singaporean children born from 1 April 2025.
- **Shared parental leave:** 10 weeks for qualifying births from 1 April 2026, on top of individual entitlements.
- **Public holidays:** 11 gazetted days a year.
- **Notice:** per contract. Where silent, the statutory default runs from one day under 26 weeks of service to four weeks at five years or more.
- **Retirement:** statutory retirement age 63, with a right to re-employment to 68. Both are on a legislated path upward.

There is no statutory severance for dismissal. Retrenchment benefits are a matter of contract or practice, commonly two weeks to one month of salary per year of service, and employers with at least 10 staff must notify MOM of any retrenchment.

Registration and the monthly cycle

- **Register** with ACRA (one director ordinarily resident in Singapore), the CPF Board before the first CPF submission, and IRAS for the Auto-Inclusion Scheme, which is compulsory at 5 or more employees.
- **Pay salary** within 7 days of the end of the salary period, and overtime within 14 days.
- **Submit CPF and SDL** through CPF EZPay by the 14th of the following month.
- **Issue itemised payslips**, which are mandatory, and file employee income under the Auto-Inclusion Scheme by 1 March each year.

Medical insurance of at least S$60,000 a year per worker is mandatory for Work Permit and S Pass holders. Employment Pass holders sit outside that rule, so cover for them is a commercial decision.

Sources

- CPF Board: contribution rates by age and citizenship, Ordinary and Additional Wage ceilings, effective 1 January 2026.
- CPF Board: Skills Development Levy, 0.25% on the first S$4,500 with a S$2 floor and S$11.25 cap.
- IRAS individual income tax rates, YA2024 onwards, and non-resident treatment.
- MOM: Employment Pass and S Pass qualifying salaries and the COMPASS framework, including the 2027 and 2028 increases.
- Budget 2026: Local Qualifying Salary raised to S$1,800 from 1 July 2026.
- Employment Act and Child Development Co-Savings Act: leave entitlements, including shared parental leave of 10 weeks from 1 April 2026.

This guide is general information, current as at the date shown, and is not tax or legal advice. CPF ceilings, work pass thresholds and wage floors are all on legislated upward paths. Confirm your position with a qualified adviser before acting.