

Mobility: Immigration alert

December 2022



Singapore

Singapore announces new Manpower for Strategic Economic Priorities Scheme

Executive summary

Effective 13 December 2022, the Singapore authorities launched the Manpower for Strategic Economic Priorities (M-SEP) Scheme. The M-SEP Scheme is designed to support businesses that strengthen Singapore's economic priorities and competitiveness, and secure employment and training opportunities for citizens of Singapore.

Key developments

Under the M-SEP Scheme, eligible companies may temporarily hire S Pass and Work Permit holders above the prevailing Dependency Ratio Ceiling (DRC) and the S Pass sub-DRC. The DRC is a quota that specifies the maximum permissible proportion of S Pass and Work Permit holders in a company's base workforce headcount. The base workforce headcount refers to the total workforce of the company including local employees earning at least the Local Qualifying Salary (i.e., S\$1,400 per month), S Pass holders and Work Permit holders.

Eligible firms can obtain additional S Pass and Work Permit quotas of up to 5% of their base workforce headcount, subject to a cap of 50 workers per firm. The additional flexibilities accorded under the M-SEP Scheme are valid for up to two years after enrollment in the Scheme, and may be renewed thereafter, subject to companies continuing to meet M-SEP renewal terms. To qualify for the M-SEP Scheme, companies must satisfy the following conditions:

- ▶ **Condition 1.** Companies must participate in programs or activities in line with one of the following key economic priorities:
 - ▶ Investments which support Singapore's hub strategy
 - ▶ Innovation or research and development
 - ▶ Internationalization

To fulfill Condition 1, companies must enroll in at least one industry-specific initiative by partnering with economic agencies such as the Economic and Development Board, Enterprise Singapore, the Infocomm Media Development Authority, the Maritime and Port Authority of Singapore or the Singapore Tourism Board. For more details, click [here](#).

- ▶ **Condition 2.** Companies must commit to hiring and/or training locals by meeting one of the following criteria:
 - ▶ *Increase net hiring of locals.* Companies can increase their overall local workforce size from the time of their initial M-SEP application to the time of their renewal application.
 - ▶ *Focus on work enhancements through workforce trainings.* Companies can send local workers to a qualifying training program and demonstrate that the training resulted in a job enhancement. Job enhancements include promotions with wage increases, expansions in job scope and allocations of higher-level responsibilities.

- *Be an industry leader with training excellence.* Companies can participate in qualifying programs which significantly benefit their industrial sector (e.g., filling critical skill gaps or manpower shortages) or receive recognition for having excellent established workplace learning structures to support business growth and strategies. For more details, click [here](#).

Applications under the M-SEP Scheme are now open to businesses registered in Singapore. The current processing time for M-SEP applications is four weeks, and applications are assessed at the discretion of the Ministry of Manpower. Once enrolled in the M-SEP Scheme, companies must ensure that they continue to comply with local workforce proportion requirements and provide proof of the same by the end of the initial M-SEP period. Companies that fail to do so will no longer be eligible to renew their M-SEP status for a period of two years. M-SEP applications submitted by companies that reduce their overall workforce to become leaner will be reviewed and assessed on a case-by-case basis.

Impact on employers

The M-SEP Scheme supports and incentivizes companies that contribute to Singapore's economic growth and competitiveness. While the Scheme provides companies with extra flexibility for S Pass and Work Permit holders, these companies are also subject to specific requirements before renewing their M-SEP status. Companies that fail to fulfil the renewal requirements may be suspended from filing subsequent M-SEP applications for two years.

Key steps

EY will continue to monitor these developments. Should you have any questions, we encourage you to contact one of our immigration professionals.

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[ey.com](#)

Panneer Palaniandy

Partner and ASEAN Mobility Lead - People Advisory Services

Tel: +65 6309 8483

Email: panneer.selvam@sg.ey.com

Lily Cheang

Associate Partner - People Advisory Services, Global Immigration

Tel: +65 6309 8670

Email: lily.cheang@sg.ey.com

Tina Leong

Associate Director - People Advisory Services, Global Immigration

Tel: +65 6309 6617

Email: tina.leong@sg.ey.com

Angelina Liew

Associate Director - People Advisory Services, Global Immigration

Tel: +65 6309 8257

Email: angelina.liew@sg.ey.com