INLAND REVENUE AUTHORITY OF SINGAPORE

Progressive Wage Credit Scheme (PWCS)

Announcement:

March 2024 Payout

If your company has an existing GIRO arrangement as at **16 Feb 2024** with IRAS or is registered for PayNow Corporate as at **26 Mar 2024**, you will receive a payout titled “Progressive Wage Credit Scheme” (GIRO) or “GOVT” (PayNow Corporate) in your bank account from **28 Mar 2024**. There would not be any PWCS payout made via cheques.

Selected companies will receive a letter from IRAS to submit supporting documents for review. If you are selected for review, your Mar 2024 payouts will be withheld and you may be required to provide a declaration or documents, in order to substantiate your eligibility for PWCS payout. The payout will only be disbursed after the completion of the review.

The Progressive Wage Credit Scheme (PWCS) was introduced in Budget 2022 to provide transitional wage support for employers to:

- Adjust to upcoming mandatory wage increases for lower-wage workers covered by the Progressive Wage and Local Qualifying Salary requirements; and
- Voluntarily raise wages of lower-wage workers.

The Government will co-fund wage increases of eligible resident employees from 2022 to 2026. Employers do not need to apply for the PWCS and can expect to receive the payout for the respective year by the first quarter of the following year.

PWCS Enhancements

As announced in Budget 2024, the PWCS scheme will be enhanced:

1) Increase in Government's 2024 PWCS Co-Funding Support
The PWCS co-funding support will be raised for wage increases given in the qualifying year 2024 from 30% to 50% for the first tier, and 15% to 30% for the second tier (see Table 1). The enhanced 2024 co-funding support will also apply to wage increases given in qualifying year 2023 and are sustained in 2024.

2) Increase in Wage Ceiling for PWCS Co-Funding from 2025 Onwards
The gross monthly wage ceiling for PWCS co-funding will be increased from $2,500 to $3,000 in qualifying years 2025 and 2026 (see Table 1).

3) Introduction of Wage Cut-Off for PWCS Eligibility from Qualifying Year 2024 Onwards
There will be a wage cut-off at $4,000 from Qualifying Year 2024 onwards (i.e. PWCS support is not applicable to employees whose average monthly wage exceeds $4,000 post-wage increase). This keeps PWCS targeted at supporting the wage growth of lower-wage employees.

Design of PWCS

The PWCS has the following design:

a) Singapore Citizen and Permanent Resident employees are eligible.

b) Support for wage increases up to $3,000 gross monthly wage ceiling will run from 2022 to 2026.[1] The Government will provide support for wage increases at the stipulated co-funding levels from 2022 to 2026 (see **Table 1**).

c) Average gross monthly wage increase must be at least $100 in each qualifying year to be eligible for PWCS.

d) Eligible wage increases in each qualifying year will be co-funded for two years. For example, a 2023 wage increase will be supported in qualifying year 2023, and also in 2024 if sustained.

e) Employees' average wage must be $4,000 or lower to be eligible for PWCS. A wage cut-off for PWCS eligibility will apply from 2024 onwards. Employees whose average monthly wage exceeds $4,000 post-wage increase will not be eligible for PWCS.

[1] As announced at Budget 2024, the gross monthly wage ceiling for PWCS co-funding will be increased from $2,500 to $3,000 in qualifying years 2025 and 2026. This means that PWCS will continue to support wage increases up to $3,000 in 2025-2026. (Under initial parameters, support for wage increases above $2,500 gross monthly wage and up to $3,000 ceiling would run only from 2022 to 2024.)

Qualifying Conditions

Is my firm eligible?

Your firm will automatically qualify if you give wage increases to resident[1] employees who:

1. Received CPF contributions from a single employer for at least 3 calendar months* in the preceding year[2],
2. Have been on your firm's payroll for at least 3 calendar months in the qualifying year[3] (i.e. you must have paid your employee CPF contributions for at least 3 calendar months* in qualifying year), and
3. Have an average gross monthly wage increase of at least $100 in the qualifying year

* The 3 calendar months of CPF contributions in the year need not be consecutive.

[1]Singapore Citizen and Permanent Resident

[2]Preceding year refers to the year before the qualifying year.

[3]Qualifying year refers to the year for which the wage credit is computed, based on the wage increases given in that year. The Scheme has 5 qualifying years, i.e. 2022, 2023, 2024, 2025, and 2026.

Local government agencies, businesses not registered in Singapore, foreign high commissions, embassies, trade offices and international organisations **do not qualify** for PWCS.

Wages paid to business owners i.e. sole proprietors of sole proprietorships, or partners of a partnership, or both a shareholder and director of a company, will not be eligible for PWCS.

See the full employer exclusion list.

Computation of Progressive Wage Credit

For each qualifying year, the Progressive Wage Credit for each eligible employee will be computed as follows:

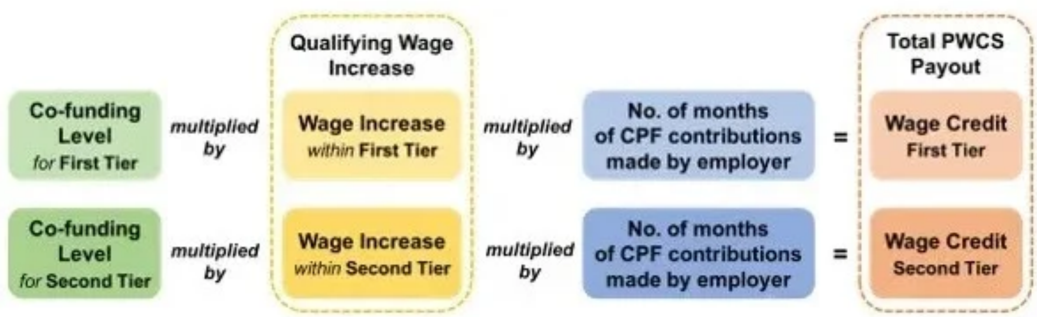

Table 1: PWCS Co-Funding Levels for Wage Increases

Qualifying Year	First Tier Gross Monthly Wage Ceiling ≤ $2,500	Second Tier Gross Monthly Wage Ceiling > $2,500 and ≤ $3,000
2022	75%[1]	45%[1]
2023	75%[2]	45%[2]
2024	50%[3]	30%[3]
	Single Tier Gross Month Wage Ceiling ≤ $3,000[4]	
2025	30%	
2026	15%	

For the purposes of the PWCS,

Gross Monthly Wage = Total wages (basic salary and additional wages such as overtime pay and bonuses, but excluding employer CPF contributions) paid by the employer to the employee in a calendar year / Number of months in which CPF contributions were made.

Qualifying Wage Increase refers to the amount of wage increase given to an employee that qualifies for co-funding in any qualifying year. It consists of two components:

1. The gross monthly wage increase given in qualifying year, if it is at least $100, and up to the relevant wage ceiling; and
2. The gross monthly wage increase given in the preceding year, if it is sustained[5]

[1]As announced on 21 Jun 2022, the co-funding support in 2022 has been increased from 50% to 75% for the first tier, and from 30% to 45% for the second tier.

[2]As announced at Budget 2023, the co-funding support in 2023 has been increased from 50% to 75% for the first tier, and from 30% to 45% for the second tier.

[3]As announced at Budget 2024, the co-funding support in 2024 has been increased from 30% to 50% for the first tier, and from 15% to 30% for the second tier.

[4]As announced at Budget 2024, the gross monthly wage ceiling for PWCS co-funding will be increased from $2,500 to $3,000 in qualifying years 2025 and 2026.

[5]For qualifying year 2022, there is no sustained gross monthly wage increase in preceding year, as 2022 is the first year of the Scheme.

Illustrations of PWCS

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Example 1: Employee who earns $1,800 per month in 2021, and experiences average gross monthly wage increase of $100 in January of each year

Example 2: Employee who earns $2,200 per month in 2021, and has gross monthly wage increase of $200 in January of each year

Example 3: Employee who earns $4,000 per month in 2021, and has gross monthly wage increase of $100 in January of each year

Example 4: Employee who earns $2,800 per month in 2023, and has gross monthly wage increase of $1,250 in January of each year

Receiving PWCS

Employers do not need to apply for the payouts. For each qualifying year, IRAS will notify eligible employers of the PWCS payout payable to them and disburse the payout by Q1 of the subsequent year. The first payout period for PWCS will be in Q1 2023.

Qualifying Year	Payout Period
2022	Q1 2023
2023	Q1 2024
2024	Q1 2025

2025	Q1 2026
2026	Q1 2027

How do employers receive the payout?

Payouts will automatically be credited to employers' **GIRO** bank account for Income Tax/GST. For those without **GIRO** accounts, the payout will be credited to their bank account that is registered with PayNow Corporate[1]. Employers who are not already on these direct crediting modes will have to sign up for these modes to receive their payouts.

[1]Organisations can sign up for PayNow Corporate by linking their organisation's UEN (without suffix) [e.g., ROC (2019XXXXXA), ROB (531XXXXXA), UEN (T19LLXXXXA)] to their bank account via internet banking. The nine banks participating in PayNow Corporate are United Overseas Bank, DBS Bank/POSB, OCBC Bank, Citibank, HSBC, Maybank, Standard Chartered Bank, Bank of China and Industrial and Commercial Bank of China Limited. For assistance, please approach these banks.

How to Request for a Breakdown of Progressive Wage Credit?

If you are an employer, you can request for a breakdown of the total Progressive Wage Credit by employee in the year of payout. You can submit an online request via this **e-Service** from the payout day until 31 May of the payout year (i.e. 2 months window). Please note that each qualifying employer is allowed to submit one breakdown request for each qualifying payout.

Receiving the Records

If the number of employee records does not exceed 500, they will be mailed to the business's registered address by ordinary mail. If the number of employee records exceeds 500, they will be provided via myTaxMail at myTax Portal within ten working days from the date of receipt of the breakdown request.

Contents of the Records

The records will provide you with the breakdown of Progressive Wage Credit for your employees. If you have new eligible employees, only their names will be provided, as disclosure of their individual Wage Credits may reveal the wages from their previous employment. If you wish to obtain the individual Progressive Wage Credits of your new employees, they will need to sign a **Consent Form** (PDF, 186KB), and you will need to complete and submit a **Declaration Form** within a month from the date of request.

Please note that we will not be able to process the declaration form if you have only one qualifying new employee.

Can employers appeal to qualify for the schemes?

For PWCS, employers have up to 2 months from the month of payout to lodge an appeal. For instance, if the payout is in the month of March, employers must complete the **PWCS appeal form** by 31 May. Late appeals i.e. those received after the 2-month window will not be considered.

How do I decline PWCS payout?

If you wish to be excluded from current and all future PWCS payouts, please sign up using the **Decline PWCS form**.

Returning PWCS payouts

To return a PWCS payout that you have received, please do so via internet banking fund transfer. IRAS' bank account details are as follows:

Payee: IRAS - PWCS TRUST FUND
Account Type: Current Account

Account No.: 072-847500-5
DBS Swift Code: DBSSSGSG

To facilitate the processing of your return, please indicate your business name and purpose (e.g. ABC Pte. Ltd. Decline PWCS) under the “Beneficiary Reference / Purpose of Payment / Remittance Information / Payment Details” field.

Abuse of PWCS

How will the Government detect abuse of PWCS?

The Government takes a serious view on any attempt to abuse the scheme. Offenders may have their PWCS payouts denied and can be charged under Section 420 of the Penal Code, where they may face up to 10 years of imprisonment and a fine. To detect possible abuses, the Government has instituted a robust anti-gaming framework leveraging data from multiple sources to identify risks. When ascertaining whether an arrangement is abusive, the Government will consider all relevant facts and circumstances and conduct in-depth verifications where necessary.

IRAS will only release the PWCS payouts after we are satisfied with the outcome of the review.

Some unacceptable practices include but are not limited to:

1. **Artificially splitting the wages of employees across multiple related business entities**

   Employers should only make mandatory CPF contributions to employees for the business entities they are working for, instead of artificially splitting the wages of its employees across related business entities to circumvent the PWCS wage ceiling.

2. **Making purported mandatory CPF contributions for non-genuine employees**

   This is a fraudulent arrangement. Employers should not make any mandatory CPF contributions to individuals who are not their genuine employees. Individuals are reminded that providing their personal information to facilitate such schemes may make them accomplices to the fraud, resulting in criminal liability for the individuals. Individuals should not give out their personal information such as NRIC, Singpass or bank account details in exchange for CPF contributions and/or money.

3. **Making mandatory CPF contributions for purported wages paid without expectation of any work to be done (e.g. solely to fulfil regulatory requirements or quotas, or family members who are not involved in the business)**

   Employers should only make mandatory CPF contributions to employees for wages paid for work performed as part of a contract of service.

4. **Increasing purported mandatory CPF contributions for employees without any actual wage increase**

   The prevailing CPF contribution rates can be found on the CPF website.

5. **Inflating purported mandatory CPF contributions and deducting these excess contributions from employees’ wages in cash**

   This is a fraudulent arrangement. Employers should only make the correct amount of mandatory CPF contributions based on the actual wages paid to their employees.

6. **Making purported mandatory CPF contributions for inflated wages that are not commensurate with the volume or nature of work of the employees**

   Employers should only make mandatory CPF contributions to employees for wages paid that are commensurate with the volume or nature of work of the employees, instead of making purported mandatory CPF contributions based on inflated wages to increase the amount of the PWCS subsidy.

7. **Continuing purported mandatory CPF contributions for employees who have been retrenched or put on no-pay leave**

   Employers should stop making mandatory CPF contributions for employees who have been retrenched or are on no-pay leave. However, employers can continue to make voluntary CPF contributions to the CPF accounts of employees on no-pay leave by applying for a separate CPF submission number with CPF Board. (For more details on making voluntary CPF contributions for employees, please find out more at the CPF Board website).

8. **Maintaining purported mandatory CPF contribution amounts based on past wages for employees who have suffered wage cuts**

   CPF mandatory contributions are based on employees' wages, age and citizenship. A wage cut on the employees' part should see a corresponding decrease in the mandatory CPF contributions. However, employers can continue to make voluntary CPF contributions to the CPF accounts of employees whose wages have been cut by applying for a separate CPF submission number with CPF Board. (For more details on making voluntary CPF contributions for employees, please find out more at the CPF Board website).

Businesses or individuals who wish to report to IRAS any malpractices or potential abuses of the PWCS may do so via email to scheme_report@iras.gov.sg or online at go.gov.sg/schemereport. IRAS will ensure that the identities of informants are kept strictly confidential.

Contact IRAS

If there are queries that have not been addressed on this site, please send us an enquiry via go.gov.sg/askpwcs. You can also chat with us online or call us at 6351 3390 between 8 am and 5 pm from Monday to Friday.

FAQs

A. General Questions on the Scheme

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1. What is the Progressive Wage Credit Scheme (PWCS) and its objectives?

2. Who will qualify for the Progressive Wage Credit Scheme?

3. How is the Progressive Wage Credit Scheme different from the Wage Credit Scheme (WCS)?

4. How does the Government verify the wages that I pay my employees?

5. Besides supporting employer in complying with the mandatory Progressive Wages and Local Qualifying Salary, why does the PWCS support voluntary wage increases as well?

6. Why does the PWCS have two tiers in 2022-2024?

7. Why is the minimum average gross monthly wage increase eligible for PWCS support set at $100?

8. Why is the co-funding level reduced from 2024 onwards?

B. Computation

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1. Will employers receive PWCS support for wage increases before the new mandatory Progressive Wage Model and Local Qualifying Salary requirements start from Sep 2022?

2. If my employee's gross monthly wage was reduced in 2021 but subsequently increased in 2022, would the increase be eligible for PWCS support in qualifying year 2022?

3. If my employee worked for me for four months in 2022, how is his gross monthly wage and the PWCS payout computed?

4. My employee joined the company in Nov 2021 but left in Feb 2022. Before leaving the company, he received a monthly wage increase of more than $100 in Jan 2022. As he had been employed by the company for a total of four months, will the wage increase be eligible for PWCS support in qualifying year 2022?

5. My employee receives a gross monthly wage increase of $200, from $2,950 in 2022 to $3,150 in 2023. Would this increase qualify for PWCS support?

6. My employee receives a gross monthly wage increase of $100 that straddles the wage cut-off between the PWCS First and Second Tier, from $2,450 in 2022 to $2,550 in 2023. Would this wage increase qualify for PWCS support?

7. I recruited a new employee from Feb 2022 who had worked with two different employers in 2021 (each for more than three months). How would the PWCS support be computed assuming his average gross monthly wage in 2022 is $2,500 and the average gross monthly wages in 2021 was $2,000 under employer A and $2,100 under employer B?

C. Eligibility Criteria

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1. Are part time and contract workers covered by the Scheme?

2. Will employers qualify for the Progressive Wage Credit for new hires?

3. Will employers qualify for the Progressive Wage Credit for new entrants into the workforce?

4. If my employee worked for another firm in the previous year, and received a wage increase when joining my firm in the current qualifying year, will the employee's wage increase qualify for PWCS?

5. Why are wage increases given to Permanent Residents eligible for PWCS?

D. Others

1. Do I get taxed on the payout?

Related Content

USEFUL LINKS
E-service for Eligibility Checker and Breakdown

DOCUMENTS
PWCS Calculator (XLSX, 676KB)

DOCUMENTS
PWCS New Employees Consent Form (PDF, 487KB)

Privacy Statement

Terms of Use & Browser Compatibility

Sitemap

Last updated on 11 March 2024