

10<sup>TH</sup>  
ANNIVERSARY  
IN 2021

# CROSS-BORDER REMOTE WORK FAQs

## SINGAPORE

**1. Assume that a foreign national employee of a foreign company wishes to work remotely for a period of time in your country performing services exclusively for the foreign company and not interacting with the local market in your country.**

IS WORK AUTHORIZATION REQUIRED? IF SO, PLEASE PROVIDE A BRIEF DESCRIPTION OF THE TYPE OF VISA, PROCEDURE, PROCESSING TIME, ETC.

*It may be difficult for this employee to be based in Singapore for a prolonged period of time as it is likely that they will be coming into Singapore under a short term visit pass. If they do come into Singapore though, no work authorization is required for this purpose. The duration of the short term visit pass would vary, with the most common duration being up to 30 days and it is (on a case-by-case basis) extendable by another 30 days.*

*As long as the foreign employee is not deemed to be carrying on business in Singapore (criteria as set out under question 2(b)), work authorisation is not required and as such, in such a situation, the foreign*

*employee can work for the foreign employer while on the short term visit pass.*

IS THERE RISK OF “PERMANENT ESTABLISHMENT” CONSEQUENCES FOR THE FOREIGN COMPANY BY VIRTUE OF THE REMOTE WORKER’S ACTIVITIES? IF SO, WHAT ARE THE MAIN FACTORS DETERMINING THE EXPOSURE.

*Yes, there may be a risk of “permanent establishment” if:*

- *the foreign company has a fixed place where they wholly or partly carry out their business, including, amongst others, a place of management, a branch and an office; or*
- *if a person, amongst others, has another person acting on their behalf in Singapore who:*
  - *has and habitually exercises an authority to conclude contracts;*
  - *maintains a stock of goods or merchandise for the purpose of delivery on behalf of that person; or*
  - *habitually secures orders wholly or almost wholly for that person or for such other enterprises as are controlled by that person.*

We would highlight that in the event that an employee of a foreign company remains in Singapore due to COVID-19 travel restrictions, the Inland Revenue Authority of Singapore would consider that “permanent establishment” in Singapore for the foreign company has not been created in Singapore for Year of Assessments 2021 and/or 2022 if:

- the foreign company does not have a permanent establishment in Singapore for the immediate preceding Year of Assessment;
- there are no other changes to the economic circumstances of the company;
- the presence of the employee in Singapore is due to travel restrictions relating to COVID-19 and their physical presence in Singapore up to 30 June 2021 (subject to review as the COVID-19 situation evolves) is temporary;
- the activities performed by the employee during the presence would not have been performed in Singapore if not for the travel restrictions relating to COVID-19; and
- the employee will leave Singapore as soon as they are able to do so, following the relaxation of travel restrictions relating to COVID-19.

AT WHAT POINT AND UNDER WHAT CIRCUMSTANCES WOULD THE REMOTE WORKER BECOME SUBJECT TO LOCAL SOCIAL SECURITY AND OTHER PAYROLL REQUIREMENTS? CAN SUCH REQUIREMENTS BE FULFILLED BY A FOREIGN COMPANY, AND IF SO BY WHAT MECHANISMS?

*Singapore’s local social security scheme, being the Central Provident Fund is only applicable to Singapore citizens and Singapore permanent residents (further discussed in scenario 2(a) below) and as such, will not be applicable to a foreign employee.*

AT WHAT POINT AND UNDER WHAT CIRCUMSTANCES DOES THE REMOTE WORKER BECOME SUBJECT TO LOCAL EMPLOYMENT LAW REQUIREMENTS SUCH AS IS WAGE-HOUR, LOCAL HOLIDAYS, ANNUAL LEAVE, MATERNITY LEAVE, DISABILITY LEAVE, PROTECTION AGAINST UNFAIR DISMISSAL, ETC.

*There is currently a lack of official guidance from the Singapore labour authorities on the exact point which would subject the remote worker to local employment law requirements. Based on current market practice, the Singapore labour authorities are currently not likely to impose any local requirements under the Employment Act (Cap 91) of Singapore, however it should be noted that this position may change.*

ARE THERE SPECIAL REQUIREMENTS GOVERNING REMOTE WORK IN YOUR COUNTRY WHICH WOULD COVER THE REMOTE FOREIGN WORKER?

*We are not aware of any special requirements governing remote work in Singapore at this point in time.*

WHAT IS THE EMPLOYEE’S EXPOSURE TO LOCAL INCOME TAX, AND UNDER WHAT CIRCUMSTANCES IS THE FOREIGN EMPLOYER REQUIRED TO ARRANGE FOR WITHHOLDING OF INCOME TAX?

*As the employee is working in Singapore for a foreign employer, the employee’s overseas income from the foreign employer would likely be taxable if the employee is a resident of Singapore or works in Singapore for more than 60 days. The employee would need to declare the taxable overseas income under their tax return filings.*

WOULD THE REMOTE WORKER BE ENTITLED TO BRING A CLAIM FOR WORKPLACE INJURY IN YOUR COUNTRY?

*It is unlikely that the remote worker would be entitled to bring a claim for workplace injury in Singapore as the provisions under the Workplace Safety and Health Act and the Work Injury Compensation Act are not applicable to foreign registered companies.*

WOULD THE REMOTE WORKER BE COVERED UNDER THE LOCAL NATIONAL HEALTHCARE SYSTEM OR INSURANCE?

*No. The local national healthcare savings scheme in Singapore is MediSave. The Central Provident Fund Board also provides a basic health insurance plan –*

*MediShield Life. However, MediSave is only applicable to Singapore citizens and Singapore permanent residents who have Central Provident Fund contributions while MediShield Life is only applicable to Singapore citizens and Singapore permanent residents.*

## IS A FOREIGN EMPLOYER SUBJECT TO DATA PRIVACY AND SECURITY REQUIREMENTS REGARDING PROTECTION OF EMPLOYEE PERSONAL INFORMATION FOR A FOREIGN EMPLOYEE WORKING REMOTELY IN YOUR COUNTRY?

*Data privacy in Singapore is governed by the Personal Data Protection Act ("PDPA"). The PDPA does not contain any express provisions on territorial effect and is therefore likely to apply to the collection, use and/or disclosure of personal data in Singapore.*

*As such, the foreign employer should obtain consent from the employee before processing the employee's personal data unless exemptions apply. For example, the employer would not need employee's consent if the collection of personal data from the employee is required for the purpose of managing or terminating their employment relationships. However, foreign employers are still required to comply with the other legal obligations under the PDPA (for example, to protect confidential information of their employees and where personal data is transferred outside of Singapore, ensure that such personal data is protected to a standard comparable with the PDPA.*

## HAS THERE BEEN ANY LITIGATION OR SPECIFIC LAW OR REGULATION REGARDING THE FOREIGN REMOTE WORKER IN YOUR COUNTRY?

*We are not aware of any litigation or specific law or regulation regarding foreign remote workers in Singapore.*

**2. Would any of the above answers change if the remote worker (a) is a citizen of your country, or (b) engages in activity interacting with the local market.**

### **(a) Citizen of Singapore**

*Yes, all companies (including foreign companies) are required to pay Central Provident Fund contributions for Singapore citizen and Singapore permanent residents employees working in Singapore. As such, if the remote worker is a Singapore citizen, the foreign employer would need to pay Central Provident Fund contributions for the remote worker.*

*In the event that a Singapore citizen or a Singapore permanent resident employee of a foreign employer works remotely in Singapore as a temporary arrangement due to COVID-19, Central Provident Fund contributions will not be required in respect of that employee if:*

- *there is no change in the contractual terms governing the employee's employment overseas before and after their return to Singapore;*
- *this is a temporary work arrangement due to COVID-19;*
- *the work performed by the employee during their stay in Singapore would have been performed overseas if not for the travel restrictions caused by COVID-19; and*
- *the employee will leave Singapore as soon as they are able to do so.*

### **(b) Engages in activity interacting with the local market**

*Yes, the foreign employer would likely be deemed to be carrying on business in Singapore and would generally be required to register a presence in Singapore under the Companies Act (Cap 50) of Singapore. For completeness, "carrying on business in Singapore":*

- *includes the administration, management or otherwise dealing with property situated in Singapore as an agent, legal personal representative, or a trustee, whether by employees or agents or others; and*
- *does not exclude activities carried on without a view to any profit.*

*Additionally, the foreign employee would need to have a valid work pass in order to work for the foreign company in Singapore if the foreign employee engages in activities interacting with the local market.*



Thomas Choo  
Partner,  
**Clyde & Co Clasis Singapore Pte. Ltd.**  
thomas.choo@clydeco.com  
+65 9780 0071

## CONTACT US

For more information about L&E Global, or an initial consultation, please contact one of our member firms or our corporate office. We look forward to speaking with you.

**Clyde & Co Clasis Singapore Pte. Ltd.**  
12 Marina Boulevard #30-03  
Marina Bay Financial Centre Tower 3  
018982 Singapore  
+65 6544 6500  
[www.clydeco.com](http://www.clydeco.com)

**L&E Global**  
Avenue Louise 221  
B-1050, Brussels  
Belgium  
+32 2 64 32 633  
[www.leglobal.org](http://www.leglobal.org)

May 2021



This publication may not deal with every topic within its scope nor cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice with regard to any specific case. Nothing stated in this document should be treated as an authoritative statement of the law on any particular aspect or in any specific case. Action should not be taken on this document alone. For specific advice, please contact a specialist at one of our member firms or the firm that authored this publication.

L&E Global CVBA is a civil company under Belgian law that coordinates an alliance of independent member firms. L&E Global does not provide client services of any kind. Such services are solely provided by the member firms in their respective jurisdictions. In certain circumstances, L&E Global is used as a brand or business name in relation to and by some or all of the member firms. L&E Global CVBA and its member firms are legally distinct and separate entities. They do not have, and nothing contained herein, shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners or joint ventures. No member firm, nor the firm which authored this publication, has any authority (actual, apparent, implied or otherwise) to bind L&E Global CVBA or any member firm, in any manner whatsoever.