

ANNEX D-1: UPLIFTING LOWER-WAGE WORKERS

To support lower-wage workers, the Government will make the following adjustments:

- (A) Raise the Local Qualifying Salary (“LQS”); and**
- (B) Extend the Progressive Wage Credit Scheme (“PWCS”).**

(A) Local Qualifying Salary

Firms that hire foreign workers (e.g., Work Permit, S Pass or Employment Pass holders) are required to meet both of the following conditions:

- (a) Firms must pay Progressive Wage Model (“PWM”) wages to local employees covered by the relevant Sectoral or Occupational PWMs; and
- (b) Firms must pay all local employees not covered under the PWMs at least the LQS.

The number of local workers that are paid at least the LQS is used to determine the firm’s foreign worker quota entitlement. The LQS is regularly reviewed to keep pace with wage growth, to uplift lower-wage workers, and to ensure that local workers are not hired on token roles or salaries by firms to access foreign worker quota.

The Government will raise the LQS from \$1,600 to \$1,800 for full-time employed local workers. This means that firms hiring foreign workers must pay full-time employed local workers at least \$1,800 per month. Part-time local workers must be paid at least \$10.50 per hour. The computation of foreign worker quotas¹ will correspondingly be adjusted with the new LQS:

- (a) 1 local workforce count: Per local worker who is paid at least \$1,800 per month; and
- (b) 0.5 local workforce count: Per local worker who is paid at least \$900 but less than \$1,800 per month.

These measures will take effect from 1 July 2026.

(B) Progressive Wage Credit Scheme

The PWCS provides transitional wage support for employers to adjust to the Progressive Wage moves, and encourage employers to voluntarily raise wages of lower-wage workers. Employers should use this period of transitional support to invest in upskilling their employees, transform their businesses, and improve productivity. The PWCS was enhanced at Budget 2025, with 2025 and 2026 co-funding support raised from 30% to 40% and 15% to 20% respectively.

¹ Part-time locals earning monthly gross wages below \$900 will not be counted towards firms’ quota entitlement.

Currently, the following conditions apply:

- (a) Employee has average gross monthly wages of up to \$3,000, before the wage increase;
- (b) Employee has average gross monthly wages of up to \$4,000, after the wage increase;
- (c) Average gross monthly wage increase must be at least \$100 in each qualifying year; and
- (d) Wage increases in each qualifying year will be co-funded for two years if the wage increase is sustained.

(i) Increase in Co-Funding Support and Extension of PWCS to End-2028

To strengthen support for employers to uplift the wages of lower-wage employees, the PWCS co-funding support will be enhanced for wage increases given in qualifying year 2026 (see [Table 1](#)). The enhanced co-funding support will also apply to wage increases given in qualifying year 2025 that are sustained in 2026. The PWCS will also be extended to wage increases given in qualifying years 2027 and 2028. Refer to [Table 1](#) for more details.

Table 1: Enhancement and Extension of PWCS

Qualifying Year (i.e., year that wage increase was given)	Payout Period	Current	New
2026	1Q 2027	20%	30% (+10%-pt)
2027	1Q 2028	-	30%
2028	1Q 2029	-	20%

(ii) Increase in Minimum Qualifying Wage Increase from 2027

To better target support for businesses that invest in their workers, the minimum qualifying wage increase for PWCS will be raised to \$200 for wage increases given in qualifying years 2027² and 2028³. Refer to [Table 2](#) for more details.

Table 2: Increase in Minimum Qualifying Wage Increase from 2027

Qualifying Year (i.e., year that wage increase was given)	Payout Period	Minimum Qualifying Wage Increase
2026	1Q 2027	\$100
2027	1Q 2028	\$200
2028	1Q 2029	\$200

² Wage increases below \$200 that qualify for PWCS in qualifying year 2026 and are sustained in 2027 will continue to be co-funded in 2027.

³ For qualifying year 2028, wage increases will only be co-funded for one year, as PWCS is scheduled to lapse after 2028.

More Information

Scheme	Contact Details
Local Qualifying Salary	Please contact MOM at https://www.mom.gov.sg/contact-us . Please visit https://go.gov.sg/LQS for more information.
Progressive Wage Credit Scheme	Please contact MOM at https://www.mom.gov.sg/contact-us . Please visit https://go.gov.sg/PWCS for more information.