

CORRECTION OF REOPENING DATES AFFECTING JOBS SUPPORT SCHEME PAYOUTS AND FOREIGN WORKER LEVY WAIVERS/REBATES

1. The Ministry of Trade & Industry (MTI) has found errors in the business reopening dates used to determine the Jobs Support Scheme (JSS) payouts¹, and foreign worker (FW) levy waivers/rebates². The error arose as agencies had to process, at short notice, more than 1.8 million applications from businesses to resume operations after Circuit Breaker. As a result, some businesses received the wrong JSS or FW levy waiver/rebate amounts.
2. Affected businesses will be notified via letters and emails. Businesses may also log in to <https://go.gov.sg/reopeningdate> using their CorpPass to check if they are affected from 10 April onwards.

Background

3. To minimise the impact of the Circuit Breaker on businesses and livelihoods, a comprehensive JSS scheme was introduced to offset the wage costs of firms shut during Circuit Breaker, and the FWL waiver/rebates were extended to all employers. The JSS payouts and FWL waiver/rebates were calculated using the dates when the affected businesses were permitted to reopen after Circuit Breaker.

¹ Under the JSS, the Government co-funds a proportion of the first \$4,600 of gross monthly wages paid to each local employee. JSS support is tiered based on the sector in which the employer operates. All sectors received the highest Tier 1 support for wages paid in April and May 2020 during the Circuit Breaker. Thereafter, businesses in the Aviation and Tourism-related sectors continued to receive Tier 1 support until March 2021, and businesses in Construction and Built Environment (BE) consultancy sectors received Tier 1 support from June to October 2020 and Tier 2 JSS support from November 2020 to June 2021, regardless of the date when their operations resumed. Businesses in all other sectors received Tier 1 support only until they were permitted to resume operations on-site, or until March 2021, whichever was earlier.

² Foreign worker levy (FWL) waivers/rebates were granted to all employers during Circuit Breaker (for March and April 2020 levies due in April and May respectively). After the Circuit breaker, FWL waivers/rebates were generally granted only to businesses until they were permitted to resume on-site operations. An exception was made for the Construction, Marine and Process (CMP) sectors. Firms in the CMP sectors continued to have FWL waivers until December 2020, as well as FWL rebates until September 2020, regardless of when they were permitted to resume operations on-site.

4. While most businesses were permitted to reopen in phases after the Circuit Breaker in June 2020, businesses in the Construction, Marine and Process (CMP) and Tourism sectors were only allowed to reopen upon approval from MTI. The approved reopening dates for the CMP and Tourism sectors were then used to compute the JSS amounts and FWL waiver/rebates payable.
5. Government agencies received and reviewed more than 1.8 million applications from businesses to resume their operations. These were then consolidated by MTI. As the processes for the resumption of business activities had to be implemented at short notice MTI used existing systems and manual processes to grant approvals for businesses to reopen. Unfortunately, in so doing, mistakes were made with the reopening dates and concomitantly the JSS payouts and FWL waiver/rebates payable.

Discovery and investigations on the error in reopening dates

6. The Inland Revenue Authority of Singapore (IRAS) first detected anomalies in November 2020 as part of its regular processing checks on the JSS. Subsequently, several businesses also informed IRAS that they might have received excess JSS payouts. In December 2020, the cause of the overpayments was subsequently traced to discrepancies in companies' reopening dates.
7. After being informed by IRAS of the discrepancies, MTI embarked on an extensive investigation together with other agencies. MTI established that there had been errors in the compilation and processing of business reopening dates, which was used for the computation of the JSS payouts and determination of businesses' eligibility for levy waiver and rebate.
8. Incorrect reopening dates were applied for some businesses, primarily those supporting CMP projects but which are not CMP companies themselves. For example, a bank that was also a client for a construction project, which was allowed to resume after Circuit Breaker, was tagged with the reopening date of the construction project, even though all banks were already permitted to reopen earlier based on class exemptions for the financial services sector as a whole. The error meant that these companies were deemed to have been closed for a longer period of time, and thus allocated a higher JSS payout. Some of these businesses may also have been granted FW levy waiver and rebate even though they were operating.

Implications for JSS Payouts

9. As a result of the incorrect tagging of businesses' re-opening dates, excess JSS payouts, amounting to about \$370 million, were credited to about 5,400 businesses during the disbursements made in October 2020. This constitutes about 6% of the JSS paid out in October 2020, and about 3.6% of all firms which received JSS payouts. Of the \$370 million, about \$340 million or over 90% will be recovered through automatic offsets from subsequent JSS payouts (\$140 million) and the commitment of the larger affected businesses contacted by MTI and other agencies to return the excess payment (\$200 million).
10. No action is required from affected businesses for now. IRAS will first offset the excess amount against the businesses' future JSS payouts. If future payouts are insufficient to offset the amount of excess payment, MTI, MOF, and IRAS will inform affected businesses of any outstanding excess amount to be returned after the businesses' final JSS payout. Instalment payment arrangements will also be available for businesses that need them.
11. Businesses that wish to return the outstanding excess amount upfront may do so through IRAS. Instructions will be included in the letters to the affected businesses.
12. At the same time, 1,100 businesses were identified to be eligible for additional JSS payouts, amounting to \$5.5 million. The additional JSS allocation will be credited to businesses by end-April 2021.

Implications for FW Levy Waiver and Rebate

13. As a result of the incorrect tagging of businesses' re-opening dates, excess FW levy waivers and rebates, amounting to an estimated \$1.2 million, were granted to 360 businesses in June and July 2020. MTI and MOM will reach out to the affected businesses to recover the excess waiver and rebate.
14. A number of businesses have also been identified to be eligible for additional FW levy waiver and rebate. In total, about 1,200 businesses will be granted \$6 million additional FW levy waiver and rebate. The FW levy waiver will be

automatically adjusted from businesses' future levy bill while the rebate will be credited to businesses directly.

15. No action is required from affected businesses for now. MTI and MOM will inform affected businesses of any follow-up actions required by May 2021.

Checks to prevent potential recurrence

16. MTI has worked with MOF, MOM and IRAS to rectify the processes and instituted additional checks to detect and flag possible errors. An external auditor was engaged to conduct a thorough check to verify the reopening dates used in the computation of JSS payouts. These reopening dates were used in the determination of eligibility for FW levy waiver and rebate and identify affected companies.

17. Business with additional queries on this issue may write in to reopeningdate@mti.gov.sg.

**MINISTRY OF TRADE AND INDUSTRY
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