



CHANGE IN CPF CONTRIBUTIONS FROM 1 SEPTEMBER 2023

Effective from 1 September 2023, Singapore Government is going to increase Central Provident Fund contributions ('**CPF contributions**'), the social security contributions due for Singapore citizens and Singapore Permanent Residents (**PR**) employees.

The change was announced in the Budget 2023: it will take place progressively, over four steps, to allow employers and employees to adjust to the increase, and it will be completed by 2026.

In Singapore, employers who employ local staff (Singaporean and PR) and local employee must pay, respectively, monthly CPF contributions; the actual amount due depends (i) on the total salary (ordinary wages + additional wage) of the employee; and (ii) on the age of the employee.

The revision is going to impact both criteria, as explained below.

1. Increase in CPF Ordinary Wage ceiling from 1 September 2023

At the time being, CPF contributions are calculated on the ordinary wage ('**OW**') of local employees up to a monthly maximum threshold wage of \$ 6,000, so that salaries exceeding the said threshold doesn't attract CPF contributions on the exceeding amount (the so-called the CPF OW ceiling).

Further to the monthly CPF OW ceiling, there is an additional annual CPF salary ceiling of \$102,000 ('**Annual Salary Ceiling**'), which sets the maximum amount of additional CPF contributions payable for all salaries received in the year. The Annual Salary Ceiling is inclusive of both Ordinary Wages and Additional Wages.

The OW monthly ceiling will be raised **from \$6,000 to \$8,000 by 2026**, with the first increase to take place on 1 September 2023.

Nevertheless, there will be no change to the additional Annual Salary Ceiling, so that the total Ordinary Wage and the Additional Wages subject to CPF for the year will remain capped at \$102,000.

Please refer to the table below for the Monthly OW ceiling and Annual Wage Ceiling from 2023 to 2026.

Timeline	Monthly Ordinary Wage Ceiling	Annual Additional Wage Ceiling
Until to 31 August 2023	6,000 Sgd	102,000 Sgd
From 1 September to 31 December 2023	6,300 Sgd (+300 Sgd)	102,000 Sgd
From 1 January to 31 December 2024	6,800 Sgd (+500 Sgd)	102,000 Sgd
From 1 January to 31 December 2025	7,400 Sgd (+600 Sgd)	102,000 Sgd
From 1 January 2026	8,000 Sgd (+600 Sgd)	102,000 Sgd

2. Increase in CPF Contribution Rates from 1 January 2024

In line with Singapore's long-term goal of improving retirement adequacy for senior workers, the Singapore Government has announced that the employer and employee CPF contribution rates for employees aged 55 to 70 will be raised by up to 1 percentage point each from 1 January 2024, as follows:

Employee age	Current CPF contribution rates (employer + employee)	CPF contribution rates from 1 January 2024		
		Employer + Employee	Employer	Employee
55 and below	37%	37% (no changes)	17%	20%
Above 55 to 60	29.5%	31% (+1.5%)	15%	16%
Above 60 to 65	20.5%	22% (+1.5%)	11.5%	10.5%
Above 65 to 70	15.5%	16.5% (+1%)	9%	7.5%
Above 70	12.5%	12.5% (no changes)	7.5%	5%

It must be noted that a one-year CPF Transition Offset equivalent to half of the 2024 increase in employers' CPF contribution rates will be provided to employers to mitigate the rise in business costs due to this increase. This will be provided automatically, and employers need not apply for the offset.

Further, the increase in the CPF contribution rates will be fully allocated to the employees' Special Account to provide a bigger boost to their retirement income. Increment in the CPF rates will not affect the graduated contribution rates for first- and second-year Singapore Permanent Residents.

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