



## GES Newsflash

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Greetings from your Tax & Legal team at Deloitte Singapore. We are pleased to update you on the following:

### **Singapore: Foreign workers to be deported for unlicensed borrowing; licensed borrowing also to be restricted**

The Singapore Ministry of Manpower (MOM) and Ministry of Justice have announced that foreign residents who borrow from unlicensed lenders will have their work pass revoked and be repatriated. Additionally, the Singapore Government will impose new legal limits on the amounts that foreign residents may borrow from licensed lenders.

- **Implementation time frame:** The restrictions on licensed borrowing for all foreign residents will be implemented in the fourth quarter of 2018 (already in effect since January 2018 for Singapore citizens and permanent residents). The penalties for unlicensed borrowing will be implemented in 2019.
- **Visas/permits affected:** Work Passes, Long Term Visit Passes, Short Term Visit Passes, Dependant's Passes, and Student Passes.
- **Business impact:** Companies will be informed by the MOM if a foreign employee is found to have borrowed from an unlicensed lender and if their work pass has been revoked. Companies may submit an appeal, which will be considered on a case-by-case basis.

### **Background**

The limits on borrowing from licensed lenders will be based on the individual's annual income as follows.

<b>Borrower's annual income</b>	<b>Maximum loan amount for foreign residents</b>	<b>Maximum loan amount for Singapore citizens and permanent residents</b>
Less than S\$10,000	S\$3,000	S\$1,500
At least S\$10,000 but less than S\$20,000	S\$3,000	S\$3,000
S\$20,000	6X monthly income	6X monthly income

### **Deloitte Singapore's view**

Foreign residents and their employers should be aware of the harsh consequences for borrowing from unlicensed lenders and the new limits on borrowing from licensed lenders.

The strict regulation is intended to protect borrowers from unlicensed lending and encourage borrowers to seek debt assistance.

### **Contacts**

Should you have any comments or questions arising from this newsletter, please contact either the listed contacts below, your usual contact in Deloitte, or any member of the [Deloitte Singapore Tax & Legal team](#).

#### **Jill Lim**

Southeast Asia GES Leader  
Deloitte Singapore

+65 6530 5519  
[jilim@deloitte.com](mailto:jilim@deloitte.com)

#### **Christina Karl**

GES Partner  
Deloitte Singapore

+65 6800 3997  
[ckarl@deloitte.com](mailto:ckarl@deloitte.com)

#### **Michele Chao**

GES Partner

#### **Sabrina Sia**

Singapore GES Leader  
Deloitte Singapore

+65 6216 3186  
[ssia@deloitte.com](mailto:ssia@deloitte.com)

#### **Lisa Alton**

GES Partner  
Deloitte Singapore

+65 6800 2880  
[lialton@deloitte.com](mailto:lialton@deloitte.com)

Deloitte Singapore

+65 6216 3387

[micchao@deloitte.com](mailto:micchao@deloitte.com)

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6 Shenton Way, OUE Downtown 2, #33-00,  
Singapore 068809

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