Salary Deductions in Singapore: The Employer Decision Map

Description

Employers may deduct salary only for reasons allowed by law or with the required written consent or approval. Most deductions in a salary period cannot exceed 50% in total, and damage or loss has a separate inquiry and 25% limit.

A Singapore employer or payroll manager considering a salary deduction faces a narrower question than the headline suggests: determine whether the reason, evidence, consent and amount comply before the payslip is finalised. The table separates the branches that change the answer before the practical checks and worked example.

Choose the branch before acting

Situation	Practical next step
Absence from work	Use the proportionate permitted calculation and document the absence
Damage or loss	Hold an inquiry, let the employee explain and cap the one-time deduction
Salary advance	Apply instalment and duration limits
Amenities or services	Check written consent and whether MOM approval or notification is required

Start with a permitted reason

MOM lists specific grounds such as absence, damage or loss, advances, overpaid salary and authorised payments. A contract clause saying â??other deductionsâ?• does not create an unlimited right to reduce wages. [MOM salary-deduction rules](#).

For damage or loss, the employer must conduct an inquiry and give the employee a chance to explain. The deduction is generally limited to 25% of one monthâ??s salary and must be made as a one-time deduction. [MOM salary-deduction rules](#).

Apply the caps in the correct order

Repayment of a salary advance may be spread over no more than 12 months, with each instalment generally not exceeding 25% of salary for that period. The exact advance agreement and repayment ledger should be retained. MOM salary-deduction rules.

Total authorised deductions are generally capped at 50% of salary for one salary period, subject to MOMâ??s stated exclusions. The final salary can be treated differently, but that does not validate an otherwise unlawful deduction. MOM salary-deduction rules.

Foreign-worker deductions need extra care

MOM prohibits charging foreign workers for items such as work-pass renewal, the security bond, medical insurance, repatriation and the foreign-worker levy. Costs that belong to the employer cannot be shifted into a consent form. MOM salary-deduction rules.

For amenities or services, obtain genuine written consent and use MOMâ??s eService where approval or notification is required. Consent should identify the item and amount; it should not be bundled into an unreadable onboarding form. MOM salary-deduction eService.

Make payroll reconstructable

Record the legal reason, calculation, evidence, inquiry or consent, applicable cap and payslip entry. A managerâ??s email saying an employee â??agreedâ?• is not a substitute for the required process or a clear deduction record. MOM salary-deduction rules.

Where facts are disputed, pause the deduction and obtain HR or legal review. Salary must still be paid on time, and retaliation or repeated deductions can turn a small payroll question into a larger employment claim. MOM salary-deduction rules.

Put the numbers or sequence to work

An employee earning S$3,200 is found responsible for damaged equipment after a documented inquiry. Twenty-five per cent of one month is S$800, so a S$1,000 one-time deduction would exceed that specific limit even before the overall 50% cap is considered. This is an editorial calculation; the employer must apply MOMâ??s current rule to the actual salary and facts.

The example is a planning model, not a quoted price, official calculator result, medical instruction or promised outcome. Replace its assumptions with the issued notice, live service, signed contract, current timetable or professional advice that controls the real decision.

Before you commit

1. Name the permitted legal reason

2. Collect evidence and hold any required inquiry
3. Give the employee a chance to explain
4. Calculate the specific and overall caps
5. Obtain clear written consent where required
6. Use the MOM eService if applicable
7. Show and retain the deduction on payroll records

A useful working note combines **a reason-process-cap payroll matrix** with **a worked S$800 damage-deduction ceiling**. Enter only details that can be tied to a current document or live record.

Missteps that change the answer

- Relying on a broad contract clause
- Skipping the damage inquiry
- Exceeding the 25% specific cap
- Charging employer costs to a foreign worker
- Treating consent as a cure for a prohibited charge

If one of these conditions appears, pause before payment, submission, travel or implementation and reconcile it through the relevant official service. Save the issued result or acknowledgement; a search snippet or forwarded screenshot cannot establish a current entitlement.

Run the cap test on the draft payslip

Calculate gross salary, every proposed deduction, the specific cap for each item and the total percentage. Have a second payroll reviewer reproduce the numbers from the evidence file. If the two results differ, hold the payslip adjustment until the legal reason, consent, inquiry record or MOM approval is resolved.

Related next steps

Once this decision is settled, you may need to check the salary-payment timetable. The next adjacent check is to review the written employment terms.

Common questions

Can damage be deducted immediately?

No. MOM requires an inquiry and an opportunity for the employee to explain. MOM salary-deduction rules.

What is the usual total cap?

Generally 50% of salary for that salary period, subject to stated exclusions. MOM salary-deduction eService.

Can levy or work-pass costs be deducted from a foreign worker?

No. MOM identifies these as employer costs that must not be recovered this way. MOM salary-deduction rules.

Rules, service details and schedules can change. Reopen the linked official page before acting when the date, eligibility, payment destination, safety instruction or live availability is decisive.

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