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ISCA Financial Reporting Bulletin 8

FRB 8:
COVID-19 Government Relief Measures:
Accounting for Foreign Worker Levy Waiver
& Rebate

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Note:

- *Although this FRB makes references to SFRS(I) 1-20 Accounting for Government Grants and Disclosure of Government Assistance and SFRS(I) INT 21 Levies, the guidance in this FRB is also applicable to entities applying FRS 20 Accounting for Government Grants and Disclosure of Government Assistance and INT FRS 121 Levies.*
- *This FRB provides accounting guidance and key considerations on how to account for foreign worker levy (FWL) waivers and rebates granted by the Singapore Government to the business employers.*
- *The fact pattern and the examples presented in this FRB are purely illustrative in nature. The amount of FWL waivers and rebates to be received is based on the entity's specific facts and circumstances.*
- *This FRB is based on publicly available information as at 24 December 2020. References made to Singapore Government websites are accurate as at the date of issuance of this FRB. Members are strongly advised to refer to the respective Singapore Government websites relating to the Foreign Worker Levy Waiver and Rebate for any subsequent updates.*

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1. Background

As part of the Solidarity Budget announced on 6 April 2020, the Singapore Government provided business employers who hire foreign workers on work permits and S-passes with Foreign Worker Levy (“FWL”) waivers and FWL rebates to ease the labour costs of such firms during the circuit breaker period.

The FWL waiver and FWL rebate were extended and enhanced subsequently in the Fortitude Budget announced on 26 May 2020 and in the Ministry of Manpower (“MOM”) Press Releases announced on 23 April 2020¹, 27 June 2020² and 1 August 2020³ respectively. For businesses that were not allowed to resume operations from June 2020, FWL waiver and FWL rebate will be provided up to July 2020. For businesses in the Construction, Marine Shipyard, and Process (“CMP”) sectors, FWL waiver will be provided for foreign worker levies that are due up to December 2020 and FWL rebate will be provided until December 2021⁴.

For further information, please refer to the following:

- [Solidarity Budget Statement](#)
- [Fortitude Budget Statement](#)
- [FAQs on levy rebate and levy waiver for business employers](#) (MOM’s website)
- [MOM Press Releases](#)

Tables 1 and 2 on the next page set out a summary of the FWL waiver and FWL rebate announced in the respective Budgets and MOM Press Releases.

¹ MOM Press Release (23 April 2020): Further Measures to Help Companies During Extended Circuit Breaker
<https://www.mom.gov.sg/newsroom/press-releases/2020/0423-further-measures-to-help-companies-during-extended-circuit-breaker>

² MOM Press Release (27 June 2020): Foreign Worker Levy Rebates Extended for Construction, Marine Shipyard and Process Sectors
<https://www.mom.gov.sg/newsroom/press-releases/2020/0627-foreign-worker-levy-rebates-extended-for-construction-marine-shipyard-and-process-sector>

³ MOM Press Release (1 August 2020): Foreign Worker Levy Waiver and Rebates Extended for Construction, Marine Shipyard and Process Sectors
<https://www.mom.gov.sg/newsroom/press-releases/2020/0801-fwl-waiver-and-rebates-extended-for-the-cmp-sectors>

⁴ Closer to December 2021, the Singapore Government will decide if there is a need to further extend the FWL rebate by another year to December 2022 (see MOM Press Release (27 June 2020)).

Table 1: Summary of FWL waiver

Levy month ⁵	Solidarity Budget (6 April 2020)	MOM Press Release (23 April 2020)	Fortitude Budget (26 May 2020)	MOM Press Release (27 June 2020)	MOM Press Release (1 August 2020)
	<i>For all businesses</i>	<i>For all businesses</i>	<i>For businesses not in Ministry of Trade and Industry's (MIT's) permitted list to resume operations after Circuit Breaker is lifted & all businesses in the CMP sectors</i>	<i>For businesses in the CMP sectors</i>	<i>For businesses in the CMP sectors</i>
Mar 2020	100%	-	-	-	-
Apr 2020	-	100%	-	-	-
May 2020	-	-	100%	-	-
Jun 2020	-	-	50%	-	100% (up from 50%)
Jul 2020	-	-	-	-	100%
Aug 2020	-	-	-	-	100%
Sep 2020	-	-	-	-	75%
Oct 2020	-	-	-	-	50%
Nov 2020	-	-	-	-	25%

Table 2: Summary of FWL rebate

S Pass or Work Permit Holder in employment as at	Solidarity Budget (6 April 2020)	MOM Press Release (23 April 2020)	Fortitude Budget (26 May 2020)	MOM Press Release (27 June 2020)	MOM Press Release (1 August 2020)
	<i>For all businesses</i>	<i>For all businesses</i>	<i>For businesses not in MIT's permitted list to resume operations after Circuit Breaker is lifted & all businesses in the CMP sectors</i>	<i>For businesses in the CMP sectors</i>	<i>For businesses in the CMP sectors</i>
29 Feb 2020	\$750 ⁶	-	-	-	-
1 May 2020	-	\$750 ⁷	-	-	-
1 Jun 2020	-	-	\$750 ⁸	-	-
1 Jul 2020	-	-	\$375 ⁸	-	-
1 Aug 2020	-	-	-	\$90	\$375 ⁸ (up from \$90)
1 Sep 2020	-	-	-	\$90	\$375 ⁹ (up from \$90)
Oct 2020 to Dec 2020	-	-	-	\$90 ⁹	\$90 ¹⁰
Jan 2021 to Dec 2021	-	-	-	\$90 ¹⁰	\$90 ¹⁰

⁵ 'Levy month' refers to the month in which the FWL expense is incurred. Payment of the FWL incurred is due in the subsequent month (e.g. levy for the month of March 2020 is due for payment in April 2020).

⁶ For a business employer who has at least paid up to December 2019's foreign workers' levy in full (the amount due in January 2020).

⁷ For a business employer who has at least paid up to December 2019's foreign workers' levy in full (the amount due in January 2020) AND made an online acknowledgement that the levy rebate will be used to provide for the pay and upkeep of foreign workers during the Circuit Breaker and to fulfil obligations to the foreign workers.

The acknowledgement is intended to bring to employers' attention their obligation to treat their foreign workers just as fairly as their local workers, and to use the significant support provided by the Government to pay for the salary, upkeep and well-being of their more vulnerable foreign workers during this period. Errant employers will be denied future employment support (including Jobs Support Scheme and FWL rebate and waiver) and may have their work pass privileges suspended.

⁸ For a business employer who had paid February 2020's foreign workers' levy in full (the amount due in March 2020).

⁹ The \$90 FWL rebate is based on the number of Work Permit holders.

2. Scope of this FRB

This FRB provides accounting guidance and key considerations on how to account for the FWL waiver and rebate granted by the Singapore Government to business employers announced in the respective Budgets and MOM Press Releases.

Illustrative examples have also been included to aid in the understanding of the accounting principles being applied.

3. Accounting for the Foreign Worker Levy (FWL) waiver

3.1 Does the FWL waiver meet the definition of government grant?

The FWL¹⁰, commonly known as the “levy”, is a pricing mechanism to regulate the number of foreign workers in Singapore. The levy liability will start from the day a Temporary Work Permit or Work Permit is issued, whichever is earlier. It ends when the permit is cancelled or expires. Payment for the levy liability is due in the following month.

Payment of the Foreign Worker Levy is an outflow of resources that is imposed by the Singapore Government on businesses employing foreign workers on work permits and S-passes, in accordance with the Employment of Foreign Workers Act and it falls within the scope of SFRS(I) INT 21 *Levies*. The liability to pay FWL is recorded when the obligating event occurs and it is measured at the applicable rate. Accordingly, some entities may view the FWL waiver as a temporary reduction in levy rates to be accounted for by applying SFRS(I) INT 21.

The intention of the FWL waiver is to reduce cost and relieve the pressures on cash flow of business employers. Although the mechanism used resulted in a reduced FWL rate payable for particular months, the substance of the FWL waiver is assistance given by the Singapore Government by way of transfer of resources from the government to the business employers¹¹. Accordingly, the FWL waiver may meet the definition of a government grant under SFRS(I) 1-20 *Accounting for Government Grants and Disclosure of Government Assistance*.

In ISCA’s view, the FWL waiver can either be accounted for as government grant under SFRS(I) 1-20 (see **Section 3.2A**) or as temporary reduction in levy rates under SFRS(I) INT 21 (see **Section 3.2B**).

¹⁰ Source: <https://www.mom.gov.sg/passes-and-permits/work-permit-for-foreign-worker/foreign-worker-levy/what-is-the-foreign-worker-levy>

¹¹ Paragraph B12 of the Solidarity Budget Statement states that “The Government recognises that firms have been paying Foreign Worker Levies in normal times. So in these exceptional times, we are temporarily redirecting resources back to the firms, to enable them to provide support for their foreign workers.”

3.2 How does the employer account for the FWL waiver in its financial statements?

3.2A FWL waiver accounted for as a government grant under SFRS(I) 1-20

Recognition:

Paragraph 7 of SFRS(I) 1-20 states that an entity shall not recognise government grants until there is reasonable assurance that it will comply with the conditions attached to them and the grants will be received.

The FWL waiver was provided to business employers to reduce costs and relieve pressures on cash flow. Companies are required to continue paying the salaries of their foreign workers fairly and responsibly and this is a “condition” attached to this grant.

Accordingly, there is reasonable assurance that the grant condition is satisfied when salaries and related FWL expense of the foreign workers are incurred by the employer. Paragraph 12 of SFRS(I) 1-20 states that government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grant is intended to compensate. The entity may regard the FWL expense as the related costs for which the grant is intended to compensate.

Presentation and disclosures:

According to SFRS(I) 1-20 paragraph 29, the grant income can be presented either (1) separately as grant income or under “other income”; or (2) deducted against the FWL expense.

Greater transparency will be achieved if the FWL waiver is presented as “grant income” or under “other income” in the financial statements, instead of as a deduction against the FWL expense. Disclosure requirements of SFRS(I) 1-20 should also be considered¹².

How should the FWL waiver be recognised by an entity with a financial reporting period ended 30 June 2020?

To illustrate, consider the following example:

Illustration 1 – accounting for the FWL waiver under SFRS(I) 1-20

Fact pattern

- Entity A employs 10 foreign workers on work permits and pays a monthly foreign worker levy of \$3,000
- FWL is applicable for Entity A from March 2020 to December 2020
- Entity A is in the Marine Shipyard sector
- Entity A’s financial reporting period-end is 30 June 2020
- Entity A will continue to employ the foreign workers until December 2020
- Entity A accounts for the FWL waiver as a government grant under SFRS(I) 1-20

¹² SFRS(I) 1-20 paragraphs 31 and 39

Illustration 1 – accounting for the FWL waiver under SFRS(I) 1-20

Illustrative accounting entries recorded by Entity A (for the months of March and April 2020)

March 2020

	Debit (\$)	Credit (\$)
FWL expense	3,000	
FWL payable		3,000
<i>Being recognition of FWL payable to IRAS and associated FWL expense for the month of March 2020 [See Note 1]</i>		

April 2020

	Debit (\$)	Credit (\$)
FWL expense	3,000	
FWL payable		3,000
<i>Being recognition of FWL payable to IRAS and associated FWL expense for the month of April 2020 [See Note 1]</i>		

	Debit (\$)	Credit (\$)
Grant receivable	3,000	
Grant income		3,000
<i>Being recognition of grant receivable and associated grant income arising from the waiver of FWL for the month of March 2020 (as announced in the Solidarity Budget on 6 April 2020) [See Note 2]</i>		

	Debit (\$)	Credit (\$)
Grant receivable	3,000	
Grant income		3,000
<i>Being recognition of grant receivable and associated grant income arising from the waiver of FWL for the month of April 2020 (as announced in the Solidarity Budget on 6 April 2020) [See Note 2]</i>		

	Debit (\$)	Credit (\$)
FWL payable	3,000	
Grant receivable		3,000
<i>Being settlement of March's FWL with the 100% waiver of March's FWL by the Singapore Government [See Note 3]</i>		

Note 1: this set of accounting entries is typically recorded (on a monthly basis) by an entity to recognise the FWL payable and FWL expense for the month in accordance with SFRS(I) INT 21

Note 2: this set of accounting entries is recorded by an entity to recognise grant income arising from the FWL waiver for that month as announced by the Singapore Government

Note 3: this set of accounting entries is recorded by an entity to recognise the settlement of the previous month's FWL payable against the previous month's grant receivable

Illustration 1 – accounting for the FWL waiver under SFRS(I) 1-20

For financial reporting period-end 30 June 2020

Month	Mar 2020	Apr 2020	May 2020	Jun 2020	Total
FWL expense recognised in P/L (\$)	3,000	3,000	3,000	3,000	12,000
FWL payable (\$)	(3,000)	(3,000)	(3,000)	(3,000)	
<i>FWL waiver announced by the Singapore Government</i>	-	<i>Mar: 100%¹ Apr: 100%²</i>	<i>May: 100%³</i>	<i>Jun: 50%³</i>	
FWL grant income recognised in P/L (\$)	-	(6,000)	(3,000)	(1,500)	(10,500)
Grant receivable (\$)	-	3,000	3,000	1,500	

¹As announced in the Solidarity Budget on 6 April 2020

²As announced in an MOM Press Release on 23 April 2020

³As announced in the Fortitude Budget on 26 May 2020

Recognition

Entity A recognises the FWL expense and payable for the respective months in accordance with SFRS(I) INT 21. Entity A recognises a grant receivable when there is reasonable assurance that the entity will comply with the conditions and the grants will be received, in accordance with SFRS(I) 1-20.

The FWL grant income is recognised to the profit or loss on a systematic basis as determined by Entity A. Entity A determines that the FWL waiver of 100% (for the months of March and April 2020) is to be recognised in the profit or loss in April, the FWL waiver of 100% (for the month of May 2020) is to be recognised in the profit or loss in May, and the FWL waiver of 50% (for the month of June 2020) is to be recognised in June as the Singapore Government is supporting salary costs of foreign workers in the respective months when operations were suspended.

Presentation

The grant receivable can be offset against the FWL payable at each month-end, and the net amount presented in the statement of financial position. In ISCA's view, this offsetting is appropriate as both the grant receivable and FWL payable are due from/to the same party, namely MOM, and there is no cash movement to realise the asset and to settle the liability.

The grant income can be presented either (i) separately as grant income or under "other income"; or (ii) deducted against the FWL expense, in accordance with paragraph 29 of SFRS(I) 1-20. As stated under Section 3.2A, greater transparency will be achieved if the FWL waiver is presented as "grant income" or under "other income" in the financial statements, instead of as a deduction against the FWL expense.

For financial reporting period-end 30 June 2021

Month	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Total
FWL expense recognised in P/L (\$)	3,000	3,000	3,000	3,000	3,000	3,000	18,000
FWL payable (\$)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	
<i>FWL waiver announced by the Singapore Government</i>	-	<i>Jun: 50%⁴ Jul: 100%⁴ Aug: 100%⁴</i>	<i>Sep: 75%⁴</i>	<i>Oct: 50%⁴</i>	<i>Nov: 25%⁴</i>	<i>0%</i>	
FWL grant income recognised in P/L (\$)	-	(7,500)	(2,250)	(1,500)	(750)	-	12,000
Grant receivable (\$)	-	3,000	2,250	1,500	750	-	

⁴As announced in an MOM Press Release on 1 August 2020

Illustration 1 – accounting for the FWL waiver under SFRS(I) 1-20

Recognition

Entity A recognises a FWL expense and payable for respective months in accordance with SFRS(I) INT 21. Entity A recognises a grant receivable when there is reasonable assurance that the entity will comply with the conditions and the grants will be received, in accordance with SFRS(I) 1-20.

The FWL grant income is recognised to the profit or loss on a systematic basis as determined by Entity A. As the Singapore Government is supporting salary costs of foreign workers in the respective months when businesses are getting ready to restart operations and adjust to more stringent Safe Management Measures at workplaces, Entity A determines that the FWL waiver is to be recognised in the profit or loss as follows:

- August 2020 – additional 50% FWL waiver for June 2020, 100% FWL waiver for July 2020 and 100% FWL waiver for August 2020
- September 2020 – 75% FWL waiver
- October – 50% FWL waiver
- November – 25% FWL waiver

Presentation

The grant receivable can be offset against the FWL payable at each month-end, and the net amount presented in the statement of financial position, in accordance with paragraph 42 of SFRS(I) 1-32 *Financial Instruments: Presentation*.

The grant income can be presented either (i) separately as grant income or under “other income”; or (ii) deducted against the FWL expense, in accordance with paragraph 29 of SFRS(I) 1-20. As stated under Section 3.2A, greater transparency will be achieved if the FWL waiver is presented as “grant income” or under “other income” in the financial statements, instead of as a deduction against the FWL expense.

Please see Appendix A for the summary of Government announcements on FWL waivers and the monthly FWL expense and FWL grant income recognised from March 2020 to December 2020

3.2B FWL waiver accounted for as a reduction of levy rates under SFRS(I) INT 21

Recognition:

According to SFRS(I) INT 21 paragraph 8, the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. The activity that triggers the payment of the FWL is the employment of foreign worker over time¹³.

According to SFRS(I) INT 21 paragraph 11, the liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

The FWL waiver can be seen as a temporary revision of FWL rates to 0%, 25%, 50% or 75% of the original rates for a specified period and therefore the liability to pay FWL should be reduced by the percentage of waiver and recognised progressively using the “revised” rate as the obligating event (i.e. the employment of foreign worker) occurs during this period.

¹³ The levy liability will start from the day the Temporary Work Permit or Work Permit is issued, whichever is earlier. It ends when the permit is cancelled or expires.
<https://www.mom.gov.sg/passes-and-permits/work-permit-for-foreign-worker/foreign-worker-levy/what-is-the-foreign-worker-levy>

Disclosures:

The reduction in FWL rates is accounted for as part of the accounting for levy costs under SFRS(I) INT 21. The significance of the benefits from the reduced FWL rates may be such that the disclosure of the nature, extent and duration of this government assistance is necessary in order that the financial statements are not misleading. This is in line with the requirements in paragraph 15 of SFRS(I) 1-1 *Presentation of Financial Statements* to include additional disclosure where necessary to ensure that the financial statements achieve a fair presentation.

How should the FWL waiver be recognised by an entity with a financial reporting period ended 30 June 2020?

To illustrate, consider the following example:

Illustration 2 – accounting for the FWL waiver under SFRS(I) INT 21							
<u>Fact pattern</u>							
<ul style="list-style-type: none"> Same fact pattern as Illustration 1, except that Entity A accounts for the FWL waiver as a reduction in levy rates 							
<u>For financial reporting period-end 30 June 2020</u>							
Month	Mar 2020	Apr 2020	May 2020	Jun 2020	Total		
<i>FWL waiver announced by the Singapore Government</i>	-	<i>Mar: 100%¹ Apr: 100%²</i>	<i>May: 100%³</i>	<i>Jun: 50%³</i>			
FWL expense (credit) (\$)	3,000	(3,000)	-	1,500	1,500		
FWL (payable) refundable (\$)	(3,000)	-	-	(1,500)			
¹ As announced in the Solidarity Budget on 6 April 2020 ² As announced in an MOM Press Release on 23 April 2020 ³ As announced in the Fortitude Budget on 26 May 2020							
<u>Recognition</u>							
Entity A recognises FWL expense (credit) and FWL payable (refundable) for respective months in accordance with SFRS(I) INT 21, which takes into account the reduction applicable for respective months.							
<u>For financial reporting period-end 30 June 2021</u>							
Month	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Total
<i>FWL waiver announced by the Singapore Government</i>	-	<i>Jun: 50%⁴ Jul: 100%⁴ Aug: 100%⁴</i>	<i>Sep: 75%⁴</i>	<i>Oct: 50%⁴</i>	<i>Nov: 25%⁴</i>	<i>0%</i>	
FWL expense (credit) (\$)	3,000	(4,500)	750	1,500	2,250	3,000	6,000
FWL (payable) refundable (\$)	(3,000)	1,500	(750)	(1,500)	(2,250)	(3,000)	
Please see Appendix B for the summary of Government announcements on FWL waivers and the monthly FWL expense / (credit) recognised from March 2020 to December 2020							

4. Accounting for the Foreign Worker Levy (FWL) rebate

4.1 Does the FWL rebate meet the definition of government grant?

The purpose of the FWL rebate is to support businesses employing foreign workers on work permits and S-passes that had to suspend operations during the circuit breaker period and it was further extended for businesses that were not able to resume operations after the circuit breaker period and all businesses in the CMP sectors. Companies were also required to make an online acknowledgement that the levy rebate will be used to provide for the pay and upkeep of foreign workers during the Circuit Breaker and to fulfil their obligations to their foreign workers.

Given that the FWL rebate is a cash grant from the Singapore Government, it qualifies as a government grant because there is a transfer of resources from the Singapore Government to entities in return for meeting the stipulated conditions related to the operating activities of the companies and there is no service or goods provided back to the Singapore Government by the companies. Therefore, SFRS(I) 1-20 should be applied in accounting for the FWL rebate.

4.2 How does the employer account for the FWL rebate in its financial statements?

Recognition:

Paragraph 7 of SFRS(I) 1-20 states that an entity shall not recognise government grants until there is reasonable assurance that it will comply with the conditions attached to them and the grants will be received.

The FWL rebate was provided to ease the labour costs of employers who hire foreign workers on work permits and S-passes during (i) the circuit breaker period and (ii) after the circuit breaker period – for businesses that were not allowed to resume operations and all businesses in the CMP sectors. Companies were required to make an online declaration that the grant will be used to fulfil their obligations to the foreign workers (i.e. to continue paying the salaries of their foreign workers fairly and responsibly) and this is a “condition” attached to the grant.

Accordingly, there is reasonable assurance that the grant condition is satisfied when salaries and related FWL expense of the foreign workers are incurred by the employer. Paragraph 12 of SFRS(I) 1-20 states that government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grant is intended to compensate. The entity may regard the salary and related costs of foreign workers incurred from April 2020 to December 2021 as the related costs for which the grant is intended to compensate.

Presentation and disclosures:

According to SFRS(I) 1-20 paragraph 29, the grant income can be presented either (1) separately as grant income or under “other income”; or (2) deducted against the salary costs.

Greater transparency will be achieved if the FWL rebate is presented as “grant income” or under “other income” in the financial statements, instead of as a deduction against the salary costs. Disclosure requirements of SFRS(I) 1-20 should also be considered¹⁴.

¹⁴ SFRS(I) 1-20 paragraphs 31 and 39

How should the FWL rebate be recognised by an entity with a financial reporting period ended 30 June 2020?

To illustrate, consider the following example:

Illustration 3 – accounting for FWL rebate

Fact pattern

- Entity A employs 10 foreign workers on work permits and pays a monthly foreign worker levy of \$3,000
- Entity A is in the Marine Shipyard sector
- Entity A's financial reporting period-end is 30 June 2020
- Entity A has a PayNow Corporate account and will receive the rebate on the earliest date of payment
- The \$90 FWL rebate from October 2020 and December 2021 is payable in the following month
- Entity A will continue to employ the foreign workers until December 2021

For financial reporting period-end 30 June 2020

Month	Apr 2020	May 2020	Jun 2020	Total
Grant receivable (\$)	-*	-*	7,500*	
FWL grant income (\$)	7,500*	7,500*	7,500	22,500

*For April and May, the FWL rebate is received in the month when the grant income is recognised in the profit or loss. For the rest of the months, the FWL rebate will be (or is expected to be) received in the following month.

Recognition

Entity A recognises a grant receivable and deferred government grant income when it has fulfilled the requirements of SFRS(I) 1-20 paragraph 7.

The grant income is recognised in the profit or loss on a systematic basis as determined by Entity A. Entity A determines that the FWL rebate of \$750 for each S Pass or Work Permit Holder is to be recognised in the profit or loss in April, May and June 2020 as the Singapore Government is supporting salary and related costs of foreign workers in the respective months when operations are suspended.

Presentation

The grant receivable can be offset against the FWL payable at each month-end, and the net amount presented in the statement of financial position, in accordance with paragraph 42 of SFRS(I) 1-32 *Financial Instruments: Presentation*.

The grant income can be presented either (i) separately as grant income or under "other income"; or (ii) deducted against the FWL expense, in accordance with paragraph 29 of SFRS(I) 1-20. As stated under Section 3.2A, greater transparency will be achieved if the FWL rebate is presented as "grant income" or under "other income" in the financial statements, instead of as a deduction against the salary costs.

Illustration 3 – accounting for FWL rebate

For financial reporting period-end 30 June 2021

Month	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Total
Grant receivable(\$)	3,750*	3,750*	3,750*	900*	900*	900*	900*	900*	900*	900*	900*	900*	
FWL grant income (\$)	3,750	3,750	3,750	900	900	900	900	900	900	900	900	900	19,350

*The FWL rebate will be (or is expected to be) received in the following month.

Recognition

Entity A determines that the FWL rebate of \$375 for each S Pass or Work Permit Holder is to be recognised in the profit or loss in July, August and September 2020 and \$90 for each S Pass or Work Permit Holder is to be recognised in the profit or loss from October 2020 to December 2021 as the Singapore Government is supporting salary costs of foreign workers in the respective months when businesses were getting ready to restart operations and adjust to more stringent Safe Management Measures at workplaces.

Presentation

The grant receivable can be offset against the FWL payable at each month-end, and the net amount presented in the statement of financial position, in accordance with paragraph 42 of SFRS(I) 1-32 *Financial Instruments: Presentation*.

The grant income can be presented either (i) separately as grant income or under “other income”; or (ii) deducted against the FWL expense, in accordance with paragraph 29 of SFRS(I) 1-20. As stated under Section 3.2A, greater transparency will be achieved if the FWL rebate is presented as “grant income” or under “other income” in the financial statements, instead of as a deduction against the salary costs.

Application:

Entities are required to apply judgment in determining the appropriate accounting for the FWL waiver and rebate and this FRB is intended to provide guidance for preparers in making that judgment. It is not intended to suggest that accounting judgments made prior to the issuance of the FRB are inappropriate or would need to change as a result of this FRB being issued.

The accounting judgements made and the accounting treatment should be applied consistently over the financial reporting periods affected by these government relief measures.

Summary of Singapore Government announcements on FWL waivers and the monthly FWL expense and grant income recognised from March 2020 to December 2020

	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020
Singapore Government announcements		Solidarity Budget (6 Apr) Mar* – 100% waiver MOM PR (23 Apr) Apr* – 100% waiver	Fortitude Budget (26 May) May* – 100% waiver Jun* – 50% waiver			MOM PR (1 Aug) Jun* – 100% (up from 50%) Jul* – 100% waiver Aug* – 100% waiver Sep* – 75% waiver Oct* – 50% waiver Nov* – 25% waiver				
FWL expense	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
FWL grant income	-	(\$3,000) [100% waiver of Mar's FWL] (\$3,000) [100% waiver of Apr's FWL]	(\$3,000) [100% waiver of May's FWL]	(\$1,500) [50% waiver of Jun's FWL]	-	(\$1,500) [additional 50% waiver of Jun's FWL] (\$3,000) [100% waiver of Jul's FWL] (\$3,000) [100% waiver of Aug's FWL]	(\$2,250) [75% waiver of Sep's FWL]	(\$1,500) [50% waiver of Oct's FWL]	(\$2,250) [25% waiver of Nov's FWL]	-

*refers to Levy Month (i.e. month in which the FWL expense is incurred)

MOM PR: Ministry of Manpower Press Release

Summary of Singapore Government announcements on FWL waivers and the monthly FWL expense and grant income recognised from March 2020 to December 2020

	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020
Singapore Government announcements		Solidarity Budget (6 Apr) Mar* – 100% waiver MOM PR (23 Apr) Apr* – 100% waiver	Fortitude Budget (26 May) May* – 100% waiver Jun* – 50% waiver			MOM PR (1 Aug) Jun* – 100% (up from 50%) Jul* – 100% waiver Aug* – 100% waiver Sep* – 75% waiver Oct* – 50% waiver Nov* – 25% waiver				
FWL expense	\$3,000	\$0 [100% waiver]	\$0 [100% waiver]	\$1,500 [50% waiver]	\$3,000	\$0 [100% waiver]	\$750 [75% waiver]	\$1,500 [50% waiver]	\$2,250 [25% waiver]	\$3,000
FWL (credit)	-	(\$3,000) [100% waiver of Mar's FWL]	-	-	-	(\$1,500) [additional 50% waiver of Jun's FWL] (\$3,000) [100% waiver of Jul's FWL]	-	-	-	-

*refers to Levy Month (i.e. month in which the FWL expense is incurred)

MOM PR: Ministry of Manpower Press Release

For reference: ISCA Financial Reporting Codification Framework

In November 2019, ISCA issued the ISCA Financial Reporting Codification Framework (Framework). The Framework establishes a formalised categorisation, degrees of authority and a due process for future issuance of ISCA's technical documents. It provides credence to ISCA's technical content, promulgates ISCA's views on the application of accounting standards as well as promotes quality, consistency and best practices in financial reporting.

The Framework is summarised in the table below.

Category	Nature	Degree of authority	Due Process	Highest level of approval
1. Financial Reporting Practice (FRP)	Recommended best practices for financial reporting for specific industries, sectors or transactions	Expected to apply	Public consultation required	ISCA Council
2. Financial Reporting Guidance (FRG)	Technical guidance, views and insights on specific financial reporting issues for specific industries, sectors or transactions	Expected to follow or explain departures	Public consultation required	ISCA Financial Reporting Committee (FRC), with authority delegated by the ISCA Council
3. Financial Reporting Bulletin (FRB)	Technical bulletin containing discussions and highlight of emerging topical financial reporting issues	For information and educational purposes	Public consultation not required	ISCA FRC

For more details on the Framework and the guidance issued under the Framework, please refer to the following:

- Framework – <https://isca.org.sg/tkc/fr/financial-reporting-codification-framework/>
- FRG – <https://isca.org.sg/tkc/fr/financial-reporting-guidances/>
- FRB – <https://isca.org.sg/tkc/fr/financial-reporting-bulletins/>

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