IN THE STATE COURTS OF THE REPUBLIC OF SINGAPORE

[2026] SGECT 11

Employment Claims Tribunals — Claim No 10714 of 2024

Between

JKB

… *Claimant*

And

JKC

… *Respondent*

GROUNDS OF DECISION

[Employment Law — Pay — Deductions]

JKB
v
JKC

[2026] SGECT 11

Employment Claims Tribunals — Claim No 10714 of 2024
Tribunal Magistrate Jared Kang Chern Wey
2, 13 December 2024, 18 August 2026

18 August 2026

Tribunal Magistrate Jared Kang Chern Wey:

1 This matter involved three heads of claim by the claimant, Ms C, against the respondent, RPL: (a) $380.92 for 11 days' unpaid salary; (b) $4,000 in respect of eight monthly deductions of $500 which RPL had made from Ms C's salary between July 2023 and February 2024; and (c) $38.46 for work done on a rest day. RPL did not dispute the first and third heads. Only the second had to be determined.

2 I heard the parties on 2 December 2024 and reserved judgment. On 13 December 2024, I delivered a brief oral judgment allowing the disputed claim for $4,000. Together with the two undisputed heads, I ordered RPL to pay Ms C $4,419.38, as well as $330 in costs and disbursements. These are the grounds of my decision.

3 Ms C had come to Singapore from India. Her evidence was that she had not engaged an employment agent. Instead, a friend who was then working for

RPL had introduced her to Ms RR, RPL's sole director. Ms C said that, during a video call in June 2023, Ms RR had told her about the work—which involved cooking and cleaning for RPL's clients—as well as her salary and her working hours. According to Ms C, Ms RR had also told her that she had to pay $6,500 to secure the job and the necessary work permit.

4 Ms C said that she had thereafter remitted 150,000 Indian rupees to accounts whose details Ms RR had supplied over the telephone. Three remittance receipts were produced. Two recorded transfers totalling 50,000 rupees to a recipient associated with an "LNT Job Solutions". The third recorded a transfer of 100,000 rupees to one "Vinod Jin", whom Ms C said was Ms RR's husband. Ms C's case was that these remittances formed part of the $6,500 fee, and that RPL had recovered the remaining $4,000 by deducting $500 from her salary each month from July 2023 to February 2024.

5 RPL's account was quite different. Ms RR said that Ms C had been introduced to RPL through an employment agent in India. She denied supplying the account details, directing either remittance, receiving any part of the alleged fee, or being married to "Vinod Jin". In RPL's case, the receipts showed no more than that Ms C had paid persons other than RPL; they did not establish that either recipient had acted for RPL.

6 RPL said that it had instead advanced Ms C an interest-free loan of $4,000 so that she could pay her Indian employment agent. It relied on a written loan agreement bearing Ms C's signature and a signed cash payment voucher recording a disbursement of $4,000. The eight $500 deductions were said to be the instalments by which that loan had been recovered. On that account, RPL relied on s 27(1)(*f*) of the Employment Act 1968 ("EA"), which permits a deduction "for the recovery of any advance, loan or unearned employment benefit, or for the adjustment of any overpayment of salary".

7 Ms C did not dispute signing the loan agreement. Her explanation was that she had been told to sign it and had assumed that it concerned the remaining part of the $6,500 fee. She denied having received the $4,000 recorded in the voucher. Ms C also called two other employees as witnesses, Ms CW1 and Ms CW2. Each said that she had signed a similar loan document but had not personally received in cash the amount recorded in it. Ms RR maintained that RPL had advanced loans to both of them, just as it had to Ms C.

8 Neither account was free from difficulty. On Ms C's side, I was puzzled that she had made substantial payments into accounts held by persons she did not know without asking more questions about who the recipients were, how they were connected to RPL, or why payment had to be made in that way. She had no receipt or other contemporaneous document showing that RPL or Ms RR had received, or was entitled to receive, any part of the alleged $6,500 fee.

9 Certainly, I did not lose sight of the practical imbalance between a prospective foreign employee and the person controlling her access to work in Singapore. Ms C had been keen to find work here because she and her family were in poor financial circumstances. That imbalance *could* explain why she might have been reluctant to question what she was told or to insist on documents. Even so, the absence of contemporaneous evidence supporting her account remained significant.

10 RPL's account also gave me considerable pause. Why would an employer advance a substantial interest-free loan to a new and untested employee whom it hardly knew, when repayment depended on that employee remaining in its service? The evidence of Ms CW1 and Ms CW2 made RPL's recurring use of similar loan documents more troubling. Ms RR said that RPL had simply been generous but had stopped making such loans after its generosity was abused. Her *own* example—an employee who allegedly took a

$2,500 loan, never came to Singapore, and used the money to travel to the United Kingdom—rather illustrated the very commercial risk which made RPL's account unusual and just a little fantastical.

11 Ultimately, however, suspicion about RPL's narrative was not enough to prove Ms C's positive case. Her case required me to accept that she had not understood what she was signing when she executed the loan agreement; that the same was true of the cash payment voucher; and that, notwithstanding that voucher, RPL had never disbursed the $4,000. Those things were certainly possible. But Ms C's word was the only evidence which supported all three. The evidence of Ms CW1 and Ms CW2 did not establish whether RPL had paid Ms C, and the remittance records did not connect either recipient to RPL. My doubts about RPL's account could not fill those gaps.

12 I was therefore not prepared to find that the loan documents were devices used to disguise the outstanding balance of the alleged fee. That was not, however, an affirmative finding that RPL had established a valid and enforceable loan. In my view, it was unnecessary to make one. Granted, if no loan had been advanced, RPL's reliance on s 27(1)(*f*) would have failed and the deductions would have been prohibited in full without more. However, *even if* RPL had advanced a genuine loan, its recovery from Ms C's salary remained subject to the limits imposed by the EA.

13 Sections 31(4) and (5) of the EA provide:

> **Recovery of advances and loans**
>
> **31.**—(4) Loans may be recovered in instalments by deductions from salary.
>
> (5) An instalment under subsection (4) must not exceed one-quarter (or such other proportion prescribed in substitution by the Minister) of the salary due for the salary period in respect of which the deduction is made.

14 RPL's record for July 2023 showed a net payment of $986.23 after deductions of $170 for "House Registration" and $500 for the alleged loan. A separate $150 item was a travelling allowance and therefore fell outside "salary" as defined in s 2(1) of the EA. Without deciding whether the $170 deduction was lawful, the salary due for the purposes of s 31(5) was therefore $1,506.23 (*ie*, $986.23 + $170 + $500 − $150). The $500 loan instalment represented about 33.2% of that salary. It plainly exceeded one-quarter. The same was true of each of the seven subsequent instalments thereafter deducted from Ms C's salary. The $500 deduction represented about 32.0% of Ms C's salary in August 2023; 30.7% in September; 29.5% in October; 29.3% in November; 32.3% in December; 30.5% in January 2024; and 30.8% in February. Each of the eight deductions thus breached s 31(5). The question which arose was what ought to follow from such breach.

15 When I gave judgment on 13 December 2024, I was not aware of any decision of a Singapore court or another Employment Claims Tribunal which had decided the precise effect of a breach of s 31(5). Given that the provision has existed, in substance, since the EA was enacted (see s 32(3) of the Employment Act (No 17 of 1968)), that may seem curious. Nevertheless, that simply meant the answer had to be worked out from the language and structure of Part 3, understood in light of the protection it confers and the practical work which s 31(5) is intended to perform.

16 At the outset, two questions must be kept separate. The first was whether each $500 instalment breached s 31(5). For the reasons given at [14] above, each plainly did. The second was what consequence the EA attaches to that breach. The words "must not exceed" conclusively answer the first question. They do not, however, answer the second: s 31(5) does not state whether an employer which has made an excessive deduction by instalment must return only the

excess, or the deducted instalment in full. As the Court of Appeal explained in *Lee Pheng Lip Ian v Chen Fun Gee and others* [2020] 1 SLR 586 at [35]–[38], describing a statutory requirement as "mandatory" does not supply the consequence of non-compliance. That consequence remains a matter of statutory interpretation.

17 Two interpretations are possible. On the first, the statutory permission extends up to the one-quarter limit even though the deduction actually made exceeded it; thus, only the excess must be returned (the "Excess-Only Interpretation"). On the second, compliance with the limit is a condition of using the statutory facility in respect of the deduction made. On this reading, a deduction which fails that condition must be returned in full (the "Full-Return Interpretation"). At first sight, the difference between them might seem to concern only the amount recoverable. That, however, would understate the disagreement. The two interpretations embody rather different accounts of both the conceptual and practical work which s 31(5) performs.

18 In my judgment, the Full-Return Interpretation is the better one, and I have three reasons. First, the proper starting point is s 26(1), not s 27(1)(*f*). Section 26(1) begins with a prohibition: no deduction may be made from an employee's salary unless it is authorised by or under the EA, or otherwise required in one of the ways there specified. Therefore, the existence of a debt does not itself entitle an employer to take money from salary. The deduction must find its authority within the EA.

19 Section 27(1)(*f*) identifies the recovery of a loan as a permissible category of deduction. It does not, however, stand alone. Sections 31(4) and (5) state how that permission may be exercised: the loan may be recovered by instalments deducted from salary, but each instalment must not exceed one-quarter of the salary due for the relevant salary period. What RPL had to justify

was therefore not merely the existence of the alleged loan. It had to justify its acts of deducting $500 from each month of Ms C's salary.

20 The surrounding provisions confirm the limited nature of that permission. Written consent under s 27(1)(*i*) cannot provide another route around s 31(5), because para (*i*) expressly excludes a deduction already mentioned in paras (*a*) to (*h*), including a loan deduction under para (*f*). Further, although s 32(1) ordinarily limits the total deductions in a salary period to one-half of the salary payable, it excludes deductions under s 27(1)(*f*) from that calculation. For the recovery of a loan, s 31(5) is therefore the specific numerical control.

21 Taken together, these provisions reveal a distinction which is central to the present question. A contractual right to be repaid and a statutory right to repay oneself out of salary are different rights. The first depends on the alleged loan. The second depends on the EA. Section 31 confers a limited facility in respect of the second; it does not enlarge the first, and the first cannot enlarge the second. Put simply, one-quarter is the boundary of the facility which the EA confers. It is not a freestanding entitlement to one-quarter of an employee's salary which survives however the employer exercises that facility.

22 Second, the Full-Return Interpretation better accords with the purpose and practical operation of Part 3. Sections 20 to 25 protect an employee's interest in receiving salary at the time and in the manner prescribed. Sections 26 to 32 protect the employee's interest in receiving that salary without deductions except upon the terms which Parliament has allowed. Within that scheme, s 31(5) performs a more specific function: even where an employer has made a genuine loan, this particular mode of recovery must not consume more than one-quarter of the salary due for the salary period concerned.

23 The practical importance of that limit should not be understated. Salary is the return for work already performed and, for most employees, the means by which present needs are met. Part 3 therefore protects one of an employee's most basic—and, indeed, most sacred—rights: the right to receive pay for his or her labour. In the present case, Ms C was a relatively low-earning foreign employee who had come to Singapore because she and her family were in poor financial circumstances. RPL took $500 from her salary for eight consecutive months. Each deduction represented between about 29.3% and 33.2% of her salary. Deductions of that magnitude could materially affect her ability to meet her own and her family's basic needs.

24 The EA itself marks the importance of compliance. Section 34(1) makes an employer's failure to pay salary in accordance with Part 3 an offence. Section 34(2) prescribes specific penalties for failures under ss 21, 22 and 23, while s 112 supplies the general penalty where none is otherwise provided. That criminal dimension is not merely theoretical (see, *eg*, *Public Prosecutor v Jayant Jivan Golani* [2024] SLR(StC) 558 at [59]–[66], where a director was fined $3,000 on each of 20 proceeded charges arising from deductions which exceeded the separate cap prescribed by s 32(1) of the EA). Of course, neither the creation nor enforcement of an offence answers the civil question before me. The more limited significance of the criminal framework is that it confirms where the legislation places responsibility for compliance: on the employer, at the time salary is paid. These are not rules with which employers may play fast and loose.

25 Some limited confirmation of that understanding may be found in the debates preceding the 2018 amendments to the salary-deduction provisions. In moving the Employment (Amendment) Bill 2018, the Minister explained that the EA's controls on salary deductions "protect the employee's interests".

Responding specifically to s 27(1)(*f*), she added that employers "must provide proper documentation to prove the legitimacy of deductions" for advances and loans (*Singapore Parliamentary Debates*, *Official Report* (20 November 2018) vol 94 at 3.56pm and 7.03pm (Mrs Josephine Teo, Minister for Manpower)). Granted, those statements did not address s 31(5)—which was not amended in 2018—much less the consequence of its breach. They do, however, possess a narrower significance. They confirm the protective character of the deduction controls and the employer's responsibility for justifying a loan deduction, which are already readily apparent from the statutory scheme.

26 Against that framework, the Excess-Only Interpretation produces an uncomfortable practical result. An employer which complies with s 31(5) may deduct one-quarter. An employer which deducts more would retain that same quarter if the employee discovers the breach and successfully claims the excess; if the employee does not, the employer retains the excess as well. Thus, so far as recovery of the loan itself is concerned—and leaving aside possible criminal enforcement and any costs order—the non-compliant employer is no worse off if challenged and better off if not.

27 The burden, meanwhile, would fall upon the employee. Although the employer controls payroll and possesses the information necessary to calculate the permissible deduction, the employee would need to identify the breach, demand repayment and, if repayment is refused, bring a claim. In practical terms, the rule would—as a consequence—cease to operate principally as a direction governing what the employer *must* do when paying salary. Instead, it would operate as a right which the employee must enforce after the employer has failed to do so. In my judgment, that inverts the allocation of responsibility which Part 3 establishes.

28 In this limited respect, I considered the reasoning in *Hossain Rakib v Ideal Design & Build Pte Ltd* [2023] 5 SLR 1529 instructive. That case concerned the statutory limit on overtime hours contained in s 38(5) of the EA—not deductions—but was, in my view, nevertheless relevant at a more general level. The High Court examined the protection conferred by that limit in its practical operation, took account of the power imbalance affecting vulnerable employees, and declined to permit an employer to rely on its own contravention in a manner which weakened the protection and left the employee to pursue payment (see [48]–[49], [55] and [61]).

29 Granted, there is an obvious argument which may be made in the other direction. If RPL returned only the excess, Ms C would eventually have borne no more than the one-quarter deduction which s 31(5) permits. She would then be in the same arithmetical position as if RPL had complied with the limit from the outset. On that basis, full repayment might appear to do more than is required to serve the immediate purpose of the cap. Admittedly, that argument has some force. However, it treats an eventual correction of the accounts as equivalent to compliance when salary fell due. They are not equivalent. Section 31(5) is expressly concerned with the salary due for the period in respect of which the deduction is made. Ms C did not have the excess during any of the eight salary periods. And, unless RPL repaid it voluntarily, she could recover it only after discovering the breach, making a demand and bringing proceedings.

30 Of course, neither an excess-only order nor a full-return order made after the event can restore Ms C's use of the money during those salary periods. That is not the point. The choice between the interpretations determines where the practical consequence of the original non-compliance falls. Under the Excess-Only Interpretation, RPL preserves the same benefit which it would have obtained had it complied, while Ms C bears the burden of detecting and

correcting its breach. Under the Full-Return Interpretation, RPL loses the benefit of that particular exercise of salary deduction. Any underlying debt remains unaffected.

31 That brings me to my third reason. It might be thought disproportionate that an employer which exceeded the cap by several percentage points should have to return the entire instalment deducted. However, that concern depends upon how the consequence is characterised. Full repayment does not give Ms C anything beyond the salary which RPL deducted. Nor does it impose a civil penalty upon RPL or extinguish any debt which Ms C might owe. It simply denies RPL the *limited* advantage of recovering the alleged loan directly from her salary without first obtaining voluntary payment or a judgment.

32 One can also find support for that distinction in *Schonk Antonius Martinus Mattheus and another v Enholco Pte Ltd and another appeal* [2016] 2 SLR 881. That case did not concern s 31(5), but it is relevant because of the Court of Appeal's separation, at [12]–[15], of an employee's entitlement to salary from an employer's substantive claim against the employee. An employer is not generally entitled to withhold salary merely because it has such a claim; its recourse lies in the claim itself, or in such deduction as the law permits.

33 So too here. If RPL has an enforceable contractual right to repayment, it may make a demand and, if that demand is not met, pursue its claim in a court of competent jurisdiction. I express no view on whether such a claim would succeed. RPL loses only the limited advantage of paying itself first out of Ms C's salary. It loses that advantage because it failed, eight times, to observe the condition upon which it was given.

34 Drawing the threads together, s 26(1) begins from Ms C's entitlement to receive her salary without deduction. Section 27(1)(*f*), read with ss 31(4) and

(5), permits RPL to depart from that position only through a loan instalment which complies with the one-quarter limit. Each $500 deduction exceeded that limit. Having failed to obtain statutory authority for each deduction, RPL could not preserve for itself the principal benefit of the facility which it had used unlawfully. Each deduction was therefore prohibited in full by s 26(1), and the amount deducted remained salary due to Ms C.

35 I accordingly allowed Ms C's disputed head of claim for $4,000. Together with the two undisputed heads, I ordered RPL to pay her $4,419.38. I also considered it just and equitable under r 43(1)(*b*) of the Employment Claims Rules 2017 to award Ms C $330 in costs and disbursements (all-in). I therefore ordered RPL to pay Ms C a total of $4,749.38 by 20 December 2024, failing which the order could be enforced.

Jared Kang Chern Wey
Tribunal Magistrate

The claimant in person;
The respondent in person.