IN THE STATE COURTS OF THE REPUBLIC OF SINGAPORE

[2026] SGECT 12

Employment Claims Tribunals – Claim No 10596 of 2026

Between

JKD

… *Claimant*

And

JKE

… *Respondent*

GROUNDS OF DECISION

[Employment Law — Pay — Whether an employer entitled to withhold earned salary on account of compensation owed by an employee for breach of training bond]
[Employment Law — Pay — Deductions]
[Employment Law — Pay — Right of set-off against salary]

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JKD
v
JKE

[2026] SGECT 12

Employment Claims Tribunals – Claim No 10596 of 2026
Tribunal Magistrate Joel Tan
21 July 2026, 25 August 2026

25 August 2026

Tribunal Magistrate Joel Tan:

Introduction

1 The claimant was employed by the respondent company as a pre-school assistant teacher. She claimed $5,877.91, representing unpaid salary for the period from 1 February 2026 to her last day of employment on 10 April 2026. The respondent did not dispute that this sum was earned but contended that it was entitled to withhold payment in connection with the claimant's purported breach of a training bond, which, on the respondent's account, rendered her liable for $20,745.20 in compensation.

2 After hearing the parties on 21 July 2026, I gave judgment *ex tempore* allowing the claim in full. I now set out my fuller grounds, given that disputes of this kind—where an employee claims salary that has been earned but remains

unpaid, and an employer seeks to withhold it on some asserted ground—are not uncommon before the Employment Claims Tribunals.

Background

3 The origins of this bond lay in the claimant's enrolment in a training course offered by the National Institute of Early Childhood Development ("NIEC") to obtain a Professional Diploma in Early Childhood Care and Education ("PDECCE"). She enrolled as part of Workforce Singapore's Career Conversion Programme under a place-and-train arrangement, by which she was employed by the respondent to receive on-the-job training while the respondent simultaneously sponsored her studies at NIEC and paid her a monthly salary throughout the course.

4 The terms of this arrangement, which the claimant accepted on 12 December 2023, provided for a bond period commencing on the date she obtained the PDECCE—which she did on 24 September 2025—and running until 31 December 2027. The parties agreed that a breach of the bond would render the claimant liable to compensate the respondent with one month's gross salary, the full course fee, and any other expenses incurred by the respondent. The letter was, however, silent as to the precise quantum of that liability.

5 The claimant tendered her resignation on 11 January 2026, citing her relocation to Pasir Ris following her marriage, which had rendered her daily commute to the respondent's premises in the far west of Singapore unduly burdensome. It was not disputed that she fulfilled her contractual obligation to serve a full three months' notice.

6 In her resignation letter, the claimant acknowledged that she was "willing to… pay the bond compensation" as agreed. A dispute over quantum,

however, emerged. The claimant had understood the compensation payable to be in the region of $5,000, comprising one month's salary ($3,000) and current course fees as advertised on NIEC's website—a sum of approximately $2,043 for Singaporean citizens sponsored by their employers. She noted that the fees applicable at the time of her enrolment would likely have been lower still.

7 Just two days later, on 13 January, the respondent's HR executive ("RHR") informed the claimant that the compensation owed was approximately $22,227.90—a figure derived from one month's gross salary ($3,000), a course fee of $19,163.70, and a course registration fee of $64.20. The gulf between the two figures arose almost entirely from the divergence between the course fees the claimant had understood to be applicable and those the respondent asserted.

8 On the same day, the claimant requested documentary proof of the course fees and the actual sums paid by the respondent, so that she might verify the costs she was being asked to bear. RHR indicated she would revert after consulting management. She did not do so. The claimant, having heard nothing further, wrote again on 6 February renewing her request for documentary evidence to substantiate the figure being demanded. The respondent subsequently sought to arrange a virtual meeting on 11 February 2026 to discuss matters arising from the resignation, including the claimant's outstanding salary and training bond obligations. The claimant declined to attend, preferring that all communications on these matters be conducted strictly in writing.

9 The respondent then issued a letter dated 24 February 2026 (the "February Letter"), this time arriving at a revised compensation figure of $20,745.20, derived from one month's gross salary ($3,000), a course fee of $17,658, and a course registration fee of $87.20. The February Letter required payment by 26 February 2026, failing which the respondent reserved "the right

to set off or deduct the outstanding amount against any monies payable to you". It further informed the claimant that her final salary would be paid "within seven (7) working days from [her] last day of service, subject to any lawful deductions or set-off".

10 The claimant denied liability for the amount. She wrote back requesting, for the third time, documentary proof of the course fees and the actual sums paid—invoices, receipts, and the like. Once again, none was forthcoming. Instead, the respondent withheld the claimant's salary for February 2026. Then for March. Then for the first ten days of April, through to the end of her employment. It was out of that impasse that the present dispute arose.

Decision

11 I begin with the respondent's own undertaking in the February Letter: that it would pay the claimant's final salary "within seven (7) working days from [her] last day of service, subject to any lawful deductions or set-off". As at the date of the hearing, more than three months had elapsed since the claimant's last day of service. Not only had her final salary for the period from 1 to 10 April not been paid—neither had the salary owed for February nor for March. And for the avoidance of doubt, the respondent did not deny that these salaries were earned. Rather, the respondent appears to rely on some kind of right to withhold payment or, alternatively, to "any lawful deductions or set-off" as cited in the February Letter.

12 The question, then, was whether any such right existed. It was not apparent to me what legal basis the respondent relied upon. Its director acknowledged at the hearing that no contractual basis existed—he said that the respondent could not "put every life scenario into a contract" as "[t]he contract is there to deal with civilised people", and went further to characterise the

claimant as "a person without integrity", on which basis the company had seen fit to adopt what he called a "pragmatic solution" as a measure of last resort. He added that if the claimant provided "a written response regarding her position on the breach of bond", the company would release her salary—subject, it seemed, to whatever compensation it believed she owed for the breach.

13 Given the nature of this dispute, it was apposite to revisit an employer's statutory obligations regarding the payment of salary under Part 3 of the Employment Act 1968 (the "EA"). An employer must pay salary earned by an employee before the expiry of the seventh day after the last day of the relevant salary period, as provided under s 21(1) of the EA. The applicable salary period in the present case ran from the first to the last day of a calendar month. Under the employment contract, the respondent undertook to pay salary on the last working day of each calendar month.

14 A different rule applied, however, where an employee terminates her contract. For employees who do so by giving notice—as the claimant did—s 23(1) of the EA provides that the total salary due must be paid to the employee on the day on which the contract of service is terminated. In the claimant's case, that meant the salary for the period from 1 to 10 April ought to have been paid on 10 April 2026 itself. Strictly speaking, therefore, even the respondent's own undertaking to pay "within seven (7) working days" of the last day of service fell short of what the statute required—unless, that is, payment was made on the very last day of employment itself.

15 Failure to comply with salary payment obligations under the EA is a criminal offence under s 34. That includes obligations as to the timing of payment, not merely the obligation to pay at all. The fact that Parliament has seen fit to attach criminal liability to such failures signals that the timely

payment of salary is of fundamental importance. Salary is, after all, the primary means by which most employees meet their daily needs: rent, the payment of mortgage instalments, food, the care of dependants—the list goes on. To withhold it can inflict real and immediate hardship.

16 It follows that an employer cannot withhold an employee's salary simply because it is dissatisfied with her conduct (see, in this regard, *Schonk Antonius Martinus Mattheus and another v Enholco Pte Ltd and another appeal* [2016] 2 SLR 881 at [12]-[15]). Nor, in a similar vein, may an employer make deductions from earned salary as it sees fit. The general position under the EA is that no deduction may be made from an employee's earned salary unless it is authorised under the provisions of the EA, required by a court order, or directed by some other specified body or authority: see s 26(1). There being no court order or authoritative direction in this case, the question was whether any provision of the EA authorised any deduction from the claimant's salary.

17 The primary provision is s 27, which enumerates several categories of authorised deductions. Of these, only two warrant consideration—the remainder are plainly inapplicable on the facts.

18 The first is s 27(1)(*i*), which permits a deduction where the employee has given written consent to it. The respondent might have sought to rely on the training bond letter, signed by the claimant on 12 December 2023, as constituting such consent. That submission could not have succeeded. The training bond letter recorded the claimant's agreement to pay compensation to the respondent if she did not fulfil her bond obligations. An agreement to pay such compensation is not the same thing as a consent to have that amount deducted from salary otherwise owed. The former creates a personal liability enforceable through the ordinary legal processes; the latter is a specific

authorisation for the employer to effect a deduction against remuneration otherwise due. One does not, without more, give rise to the other.

19 But even if one were inclined to read the training bond letter more expansively, s 27(1A) of the EA provides that an employee's written consent to a deduction under s 27(1)(*i*) may be withdrawn at any time before the deduction is made. Here, the claimant had did precisely that. Upon receiving the February Letter, she wrote in unambiguous terms: "For the avoidance of doubt, I do not consent to any deduction from my salary or final payments without lawful basis and proper substantiation." That statement, in my judgment, would have constituted an effective withdrawal of any consent that might otherwise have been inferred from the training bond letter. Section 27(1)(*i*) accordingly afforded the respondent no basis for the deductions it had made.

20 The only remaining provision of potential relevance is s 27(1)(*f*), which authorises a deduction representing an "unearned employment benefit". The term "employment benefit" is defined in s 27(3) to mean any benefit derived by an employee from being employed, other than salary. That definition is broad, and I accepted that it could encompass the fees paid by an employer to sponsor an employee's attendance at an external training course. The respondent's sponsorship of the claimant's PDECCE studies would therefore fall within it.

21 The question, however, was whether that benefit was "unearned", a term the EA does not define. In my view, whether an employment benefit is earned or unearned turns on whether the employee was legally entitled to it—that is, whether she had a right to receive or utilise it. This interpretation finds support in s 27(3)(*b*)(*i*), which offers as an example of an "employment benefit" any annual leave taken in excess of the employee's entitlement. Read carefully, that provision is better understood as an illustration of an *unearned* employment

benefit: annual leave is after all an employment benefit within the meaning of s 27(3), but it is only when an employee takes leave beyond her legal entitlement that the benefit becomes unearned, and it is that excess which s 27(1)(*f*) is designed to address.

22 Applying that principle to the present facts, I found that the claimant was legally entitled to the training sponsorship. It had been offered and accepted as part of a bilateral arrangement: the claimant agreed to attend the training programme and to be bound by the terms of the training bond, including the obligation to serve out the bond period or pay compensation upon early departure. It was by accepting those obligations that she had become legally entitled to the sponsorship. The sponsorship was the consideration she received in exchange for the obligations she had undertaken—in that sense, it was fully earned. The fact that the claimant subsequently chose not to fulfil the bond period did not retroactively render the original benefit unearned—that choice gave rise to a separate contractual liability for compensation; it did not alter the character of the benefit at the time it had been conferred. Section 27(1)(*f*) accordingly provided no lawful basis for the deductions.

23 I found no other provision of s 27, nor any other provision of the EA, that was applicable on the facts of this case. The conclusion was therefore that any deduction of the claimant's salary would not have been authorised under the EA.

24 If no statutory basis for deduction existed, one might have asked whether the respondent was nonetheless entitled to withhold payment by virtue of a right of set-off. If we are speaking of set-off as a self-help remedy—and in the absence of any contractual right of set-off—the doctrine primarily in view is substantive equitable set-off. That doctrine enables a respondent to set off a

cross-claim against a claimant's primary claim where the cross-claim is so closely connected with the transaction giving rise to the primary claim that it would be manifestly unjust to allow enforcement without taking it into account.

25 But even if the respondent's cross-claim for training bond compensation were sufficiently connected to the claimant's salary claim to satisfy that test, permitting equitable set-off to operate in this context would be incompatible with the statutory regime restricting deductions from salary under the EA. To permit an employer to invoke equitable set-off as a self-help remedy against earned wages would be to circumvent the very legislative policy that ss 26(1) and 27 were enacted to protect. The EA does not expressly exclude equitable set-off, but it would be incongruous to permit them to undermine the statutory framework from within.

26 There remained, then, the question of legal set-off. Legal set-off, however, is a procedural device, not a substantive one. As Lightman J observed in *Fuller v Happy Shopper Markets Ltd and another* [2001] 1 WLR 1681 at [21], it is "designed to avoid circuity of actions and enabling parties to have their various disputes tried in one action instead of two or more". In other words, it permits a respondent to have its cross-claim determined in the same proceedings as the claimant's primary claim, rather than being required to satisfy judgment first and pursue a separate action thereafter. It does not alter the parties' underlying rights and obligations.

27 Therefore, even if the respondent harboured a genuine cross-claim against the claimant for breach of the training bond, legal set-off would not extinguish the claimant's substantive right to be paid her salary in accordance with the timelines prescribed by the EA and her employment contract. The respondent was still required to pay the claimant's February salary on the last

working day of that month—27 February. It was still required to pay her March salary on 31 March. It was still required to pay her final salary on 10 April, the last day of her employment. Legal set-off did not excuse that failure; it would at best provide a procedural mechanism by which the respondent's cross-claim might be ventilated alongside the claimant's primary claim—if, that is, this tribunal had jurisdiction to entertain it at all.

28 That, then, brings me to the question of jurisdiction. The claimant had no choice but to bring her claim before this tribunal. The respondent's defence to the claim appeared to be its cross-claim for training bond compensation—a sum allegedly exceeding the unpaid salaries—which it might have sought to deploy by way of legal set-off. But the antecedent question was whether this tribunal had jurisdiction to adjudicate that cross-claim at all. As the General Division of the High Court observed in *Re Ocean Tankers (Pte) Ltd (in liquidation)* [2023] SGHC 330 (at [89]), whether a tribunal has jurisdiction to entertain a set-off cross-claim depends on whether that cross-claim itself falls within the tribunal's jurisdiction. That observation was made in the context of arbitral tribunals, but it applies, *mutatis mutandis*, to the ECT, which cannot exceed the bounds of its limited jurisdiction established under the Employment Claims Act 2016 (the "ECA").

29 The ECT's jurisdiction is confined to adjudicating specified employment disputes: see s 12(4) of the ECA. While that jurisdiction extends to contractual disputes arising out of or in the course of employment under a contract of service, it does so only to the extent that the relevant claim falls within a category specified in the First Schedule, as the definitions of "specified employment dispute" and "specified contractual dispute" under s 2(1) of the ECA make plain.

30 The respondent's cross-claim did not fit within any of the specified contractual dispute categories enumerated in the First Schedule. The respondent's claim was one for compensation arising from the claimant's alleged breach of her training bond obligations—a claim that sounded in contract, to be sure, but not in any contractual dispute of the kind the First Schedule was designed to address. The design of the ECT's jurisdiction under s 12(2) of the ECA makes this plain. That provision reveals that the affordable and expeditious dispute resolution mechanism offered by the ECT can be invoked by employers only for a limited category of claims, most notably where an employee has committed a repudiatory breach of the contract of service, including where an employee purports to terminate the contract without lawful power to do so.

31 It followed that the respondent's cross-claim for training bond compensation fell outside this tribunal's jurisdiction. Where a tribunal lacks jurisdiction to entertain a cross-claim, any purported determination setting off that cross-claim against the primary claim would itself exceed the tribunal's jurisdiction. The respondent could not, by the device of legal set-off, bring before this tribunal a dispute that lay beyond its authority to resolve.

32 The lesson that emerges from the foregoing analysis is that an employer must pay its employees their earned salary in accordance with its obligations under the EA, and that obligation is not suspended or prevailed by one's dissatisfaction with an employee, or even the existence of a cross-claim—however genuine or substantial—that the employer believes it holds against the employee, save where a deduction is expressly authorised under the EA. Absent any such lawful basis, the employer must pay first and pursue its cross-claim through the proper legal channels thereafter.

33 Applying those principles to the present case, the outcome admitted of little doubt. The claimant's salaries for February, March, and the first ten days of April were earned. That was not in dispute. The respondent's defence rested entirely on its asserted entitlement to withhold the claimant's salary, or otherwise set off its cross-claim for training bond compensation against those salaries—a cross-claim for which no lawful basis for deduction existed under the EA, and over which this tribunal had no jurisdiction. With that defence unavailable, the claim for $5,877.91 was allowed in full.

34 None of this is to deny the respondent's grievance. It may well hold a valid claim for compensation under the training bond, and it could pursue that claim in the civil courts. But what it could not do was treat an employee's earned salary as a bargaining chip, to be withheld until the employee submits to disputed demands. If the respondent's director believed that a "civilised" employee with integrity would honour her training bond obligations, it might be worth pausing to reflect on what a "civilised" employer, by his same standards, would have done—the answer, it seems, would have been to honour its own legal obligations and pay what was owed.

35 It should be observed, once again, that the claimant did not deny that she owes compensation for her early departure—she had said so from the outset. The dispute between the parties in respect of the training bond was not about liability; it was about quantum. The respondent said the compensation is $20,745.20, comprising one month's gross salary ($3,000) and the balance attributable to course and registration fees. The claimant, relying on publicly available information on NIEC's website, believed the applicable course fee should be in the region of $2,000, placing the total closer to $5,000.

36 The distance between those two positions called for the production of documentary evidence—invoices, receipts, or the like—showing what the respondent had actually paid. The claimant asked for that evidence. The respondent did not produce it. She asked again. The respondent, again, did not produce it. Prior to the hearing, I issued directions to the respondent to produce that evidence. The respondent, once again, did not produce it.

37 At the hearing, the respondent's director finally acknowledged that the applicable fees paid to NIEC for the claimant's attendance amounted to around 10 to 20% of those payable by international students. The respondent then decided to submit the documentary evidence, revealing that it had only paid $1,925.92 in course fees and registration fees to NIEC. Yet it maintained that the claimant was liable under the training bond letter to compensate the full, unsubsidised fees applicable to international students, but—out of what it characterised as "goodwill"—it had offered a 50% discount on the initial $20,745.20 in the lead-up to the hearing of the dispute, bringing the demanded compensation down to $10,372.60. The claimant did not accept this "goodwill" offer.

38 One is left with the impression that the respondent was interested in recovering an amount beyond compensation for its actual losses. But I made no finding or determination as to the proper quantum of compensation, which lay beyond this tribunal's jurisdiction. That question remains one for a court of competent jurisdiction—and the respondent would do well to pause and reflect carefully on what such a court might make of its position.

39 Given that the claimant had been compelled to commence these proceedings for no reason other than the respondent's unlawful withholding of her earned salary, I also awarded $300 in costs and $40 in disbursements,

representing reasonable compensation for the time and expense the claimant had been put to in vindicating a right that should never have been in dispute.

Joel Tan
Tribunal Magistrate

The claimant in person;
The respondent in person.