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11 May 2020

To: All SCFA Administrators

Anticipated Questions on Fee Offset for Extended Circuit Breaker Period

I refer to MSF's advisory, dated 30 April 2020, on Fee Offset for Extended Circuit Breaker Period.

We have prepared a list of anticipated questions for your reference. This will also be uploaded on MSF Student Care Portal at www.msf.gov.sg/studentcare.

Thank you.

Yours faithfully

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Ministry of Social and Family Development

Annex

**ANTICIPATED QUESTIONS ON FEE OFFSET FOR EXTENDED
CIRCUIT BREAKER PERIOD**

(Updated as at 8 May 2020)

1. What are the Government's support measures for businesses like student care operators?

This list summarises the Government support measures to help enterprises/employers cope with credit, cashflow and cost issues. These include measures announced by DPM Heng on 21 April 2020, as well as those in the Solidarity, Resilience and Unity Budgets.

- Jobs Support Scheme (JSS) wage subsidy of 75% of gross monthly wages¹ per Singapore Citizen/Permanent Resident employee, for the first \$4,600 of wages paid in April 2020, as well in May 2020. Wage subsidy of 25% for another seven remaining qualifying months will be paid out in April, July, and October 2020. **(This measure was enhanced on 21 April).**
- Rental waivers (for businesses located in premises owned/managed by Government agencies).
- Lower rental from pass-on of Property Tax Rebate for 2020 for qualifying commercial properties and businesses in other non-residential properties. The Government has passed new legislation to ensure that landlords unconditionally and fully pass on these rebates to tenants.
- Waiver of Foreign Worker Levy due in April 2020 and May 2020. **(This measure was enhanced on 21 April).**
- Foreign Worker Levy Rebate of \$1,500 for each Work Permit or S Pass holder, based on previous levies paid in 2020. **(This measure was enhanced on 21 April).**
- Enhanced Wage Credit Scheme for Singaporean employees.
- Corporate Income Tax Rebate (if applicable).
- Push back Income Tax payments for 3 months (companies pay income tax for Financial Year 2019 profits from July 2020 instead of April 2020).
- Temporary Bridging Loan Programme.
- Enhanced Loan Insurance Scheme and Enterprise Financing Scheme-Working Capital Loan.

¹ Gross monthly wages include employee CPF contributions, but exclude employer CPF contributions.

2. Are there other forms of support for SCC operators that do not benefit much from the enhanced JSS scheme (e.g. as employees are mostly foreigners) to support the fee offset?

Qualifying commercial properties and businesses in other non-residential properties could enjoy lower rental from pass-on of Property Tax Rebate for 2020. Under the COVID (Temporary Measures) Act which was passed by Parliament on 7 April 2020, all property owners are required to pass on the property tax rebates in full to tenants in a timely manner and without conditions. Property owners may need some time to work out how much property tax rebate they would receive, and how to pass on this rebate. Hence, property owners have until 31 Jul to pass on part of the rebate (i.e. for amount attributable to 1 Jan - 30 Jun 2020), and until 31 Dec to pass on the remaining rebate amount to tenants.

Regarding foreign manpower, the following measures will help reduce labour cost and relieve the pressure on cash flow:

- Foreign Worker Levy (FWL) due in April and May 2020 will be waived;
- Employers will also receive FWL Rebate of \$750 in April (and another FWL Rebate of \$750 in May), for each Work Permit or S Pass holder, based on previous levies paid in 2020.

In addition, the Corporate Income Tax rebate, enhanced Wage Credit Scheme, Temporary Bridging Loan Programme, and other measures will help all businesses further cope with credit, cashflow and cost issues.

Operators who are unable to afford the fee offset, and will run into severe financial difficulty as a result, may contact MSF at MSF_Student_Care@msf.gov.sg.

3. How much fee offset are SCFA Administrator SCCs required to provide to parents for the extended circuit breaker period?

MSF has retained the call for all SCFA Administrator SCCs, including special student care centres (SSCCs) to provide parents with 50% nett fee offset for enrolled Singaporean children who are not attending student care for the extended Circuit Breaker period of May. SCCs should retain the supporting documents relating to the provision of fee offset (e.g. letters to parents and receipts) for administrative purpose.

At the same time, we recognise that SCCs are not homogenous. As such, SCCs may vary in how they provide the offset, depending on their financial circumstances.

For example, SCCs may pace out the 50% fee offset over a few months or until things get better, or provide some offset in-kind, such as providing additional classes during non-programme time, learning resources, or credits for future activities. Where SCCs have parents who are less impacted by the COVID-19 situation and are prepared to forego all or some of the offset to support the SCC and teachers, operators may seek to work out a mutually acceptable arrangement with them. On the other hand, where operators are able, we welcome them to do more, especially for parents in greater need. Parents should contact their respective SCCs for details of how exactly they will be providing the offsets.

4. What about SCCs that do not administer SCFA? Will they offer fee offsets?

We encourage parents to approach their SCC operators and work out an arrangement on fee offsets. We note that this is a challenging time for many, and we can each do our part to support one another during this critical circuit breaker period.

5. Is the fee offset only for Singapore citizens? What about PRs and foreigners?

We have called for SCFA Administrator SCCs to provide a 50% fee offset for children who are Singapore citizens. This is because the series of budget measures the government had announced was to help support businesses (e.g. Jobs Support Scheme for resident workers) and Singaporean households. For SCFA Administrator SCCs, MSF will also continue to automatically waive the minimum 50% attendance requirement for SCFA subsidies in May 2020 to ensure that full subsidies continue to flow to operators and families.

That said, MSF does not prohibit SCCs from offering fee offsets for non-Singaporean children. Instead, we have left it to SCCs to decide on the provision of fee offset to all families, if they have the means to do so. Parents should approach their SCCs on their policies.

6. Why do SCC operators need to provide fee offset to parents who are not receiving SCFA?

We have called for SCC operators to provide fee offsets to all parents whose Singaporean children are enrolled but not attending student care for the extended Circuit Breaker period, including those not receiving SCFA. These are extraordinary times where many families, who may or may not be receiving SCFA, are facing job and financial uncertainty. Maintaining the position of not providing fee offsets would be inappropriate. The other extreme would have been to ask operators to provide a 100% fee offset (i.e. operators bear the full impact). However, having all the hardship fall entirely on any one party would also not be tenable. Hence, we adopted the position for the first Circuit Breaker period in April that 50:50 is the fairer way to share the burden, with Government providing significant support to businesses and households.

Parents should contact their respective SCCs for details of how exactly they will be providing the offsets.

7. Are operators required to provide fee offsets to parents whose children were temporarily withdrawn (and payment were temporarily suspended)?

Operators' administrative policies on temporary withdrawals may vary. As such, operators and parents should come to a mutual agreement on fee offset involving temporary withdrawals. Please note that MSF will not disburse SCFA subsidies to children who are temporarily withdrawn.

8. Is the fees offset for extended Circuit Breaker period for fees payable in May or June?

This offset can be invoiced on or from June onwards, depending on each SCC's policy. This means that the offset is applicable for children who remain enrolled in June and there are fees payable against which to offer the offset.

The same approach applies to the fee offset arrangement for the first Circuit Breaker, i.e. fee offset for first Circuit Breaker is applicable for children who remain enrolled in May and there are May fees against which to offer the offset.

This means that for both Circuit Breakers, operators need not provide offset for fees paid during the Circuit Breakers, if the children are not enrolled and have not paid fees for the following month.

That said, where operators are able, we welcome them to do more, especially for parents in greater need. We encourage parents and operators to reach a mutual agreement on the fee offset implementation.

9. How should operators implement the fee offset? Should they require parents to apply for it?

All SCFA Administrator SCCs are to provide 50% nett fee offset for enrolled Singaporean children who are unable to attend general student care services for the extended Circuit Breaker period of May. This offset can be invoiced on or from June onwards, depending on each SCC's policy. SCCs should retain the supporting documents relating to the provision of fee offset (e.g. letters to parents and receipts) for administrative purpose.

At the same time, we recognise that SCCs are not homogenous. As such, SCCs may vary in how they provide the offset, depending on their financial circumstances.

For example, SCCs may pace out the 50% fee offset over a few months or until things get better, or provide some offset in-kind, such as providing additional classes during non-programme time, learning resources, or credits for future activities. Where SCCs have parents who are less impacted by the COVID-19 situation and are prepared to forego all or some of the offset to support the SCC and teachers, operators may seek to work out a mutually acceptable arrangement with them. On the other hand, where operators are able, we welcome them to do more, especially for parents in greater need. Parents should contact their respective SCCs for details of how exactly they will be providing the offsets.

10. Does the fee offset refer to fees before subsidies or after subsidies?

The 50% fee offset applies to nett fees, which refer to fees payable after GST and SCFA subsidies.

For example, if an operator ordinarily charges \$290 (before GST) / \$310.30 (after GST), and if the child qualifies for \$145 SCFA subsidies, the nett fee for May 2020 would be \$310.30 - \$145 = \$165.30 (after GST). Hence, the 50% fee offset in June would be \$165.30 / 2 = \$82.65.

To ensure that full subsidies continue to flow to operators and families, MSF will automatically waive minimum attendance requirement for SCFA subsidies in April and May.

- 11. Some SCCs had voluntarily provided fee discounts/waivers/offsets above and beyond MSF's earlier call for 50% fee offset in the first Circuit Breaker period (April). Are these SCCs required to provide 50% fee offset for June 2020?**

SCCs which **had voluntarily provided fee discounts/waivers/offsets equivalent to one month's fees (e.g. 100% discount for the May 2020 fee invoice)** are not required to provide further offsets for the extended Circuit Breaker period (May), as the amount of fee support which had earlier been provided to parents would be equivalent to providing 50% fee offset for both Circuit Breaker periods. However, if SCCs are able, they are welcome to provide additional support to families.

- 12. If the Circuit Breaker period is extended beyond 1 June 2020, will SCC operators be required to extend further fee offsets?**

MSF and the relevant agencies will continue to monitor the situation closely and will provide updates as necessary.