

SINGAPORE BUDGET 2020 HIGHLIGHT

Individual Tax

Main key points

- No change on personal tax rate
- Angel Investor Tax Deduction scheme to lapse after 31 March 2020
- No personal tax rebate introduced

Stamp duty

Main key points

- Stamp duty relief for M&A scheme will lapse on or after 1 April 2020

GST

Main key points

- GST remains the same on 2021, the government will plan to increase 2% by 2025



HR Policies

Main key points

- Enhanced Wage Credit Scheme (WCS) announced
- Enhanced Market Readiness Assistance (MRA) grant, increased from \$20,000 to \$100,000 per new market per company, between the financial years 2020 and 2022

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Business Tax

Main key points

- Corporate income tax rebate of 25%, capped at S\$15,000 for Year of Assessment (YA) 2020
- Automatic Extension of interest-free instalments of 2 months for payment on Estimated Chargeable Income Tax via GIRO system
- Enhance Carry-Back Relief Scheme to permit carry back of losses for up to 3 immediate preceding YAs
- Extend and enhance the Double Tax Deduction for Internalisation (DTD_i) deduction
- Accelerated 2-years capital allowance (CA) on acquisition of machineries for YA 2021 is introduced However, the CA is **NOT** allowed to be deferred in this option
- Accelerated 1-year deduction on expenses incurred on renovation and refurbishment for YA 2021
- Extend the Mergers & Acquisition (M&A) Scheme until 31 December 2025

Possible tax benefits

- Maximise the tax rebate
- Companies under GIRO scheme will be able to alleviate their cashflow issue, if they file within 3 months from their financial year end
- Companies which have cashflow issue may claim refund if they have tax losses in YA 2020 and paid tax in any YA from 2017 to 2019 before 30 November 2020
- Companies that wish to expand their business further globally can take advantage as this scheme have wider range of expenditures newly introduced to be covered
 - (a) *Third-party consultancy costs related to **new** overseas business development*
 - (b) *New categories of expenses incurred for overseas business missions*
- Companies are encouraged to purchase machineries in the financial year ended 2020 to enhance productivity
- Companies in certain industries (eg Hospitalities and Tourism industries) are encouraged to renovate in order to attract high volume of customer to boost the economy
- Companies are encouraged to consider M&A as a strategy for growth



RESILIENCE BUDGET 2020 – Key Highlights

On 26 March 2020, Deputy Prime Minister and Minister for Finance, Mr Heng Swee Keat delivered the Resilience Budget, a supplementary budget. This is in response to the COVID-19 situation which has escalated rapidly since Budget 2020.

Supporting Workers, Protecting Livelihoods

Jobs Support Scheme (JSS)

- Government will pay **25% of monthly wages (wages capped at \$4,600)** for every local worker in employment, for 9 months **till Jul 2020**
- Local worker includes Singapore Citizen and Permanent Resident
- Higher support for sectors more affected by COVID-19, of up to 75%

Table 1: JSS Tranches

	Period of wages payment	CPF contribution made	Amount of cash grant	Date of Payout
Tranche 1	OCT to DEC 2019	14 FEB 2020	25% of the first S\$4,600 of gross monthly wage per local employee	End MAY 2020
Tranche 2	FEB to APR 2020	14 MAY 2020		End JUL 2020
Tranche 3	MAY to JUL 2020	14 AUG 2020		End OCT 2020

Table 2: Support for most affected sectors

	Business supported (selected)	Cash grant
Aviation and Tourism sector	<ul style="list-style-type: none">• Airlines• Airport ground handler• Airport operators• Qualifying licensed hotel• Qualifying licensed travel agents	75% of the first S\$4,600 of gross monthly wage per local employee
Food and Beverage sector	<ul style="list-style-type: none">• Hawkers, food operators	50% of the first S\$4,600 of gross monthly wage per local employee

COVID-19 Support Grant

- **One-time grant of \$500** for Singaporeans and Permanent Residents who have lost their jobs or faced an income loss of at least 30 per cent due to COVID-19, and require urgent help with basic living expenses
- **Cash grant of \$800 per month for 3 months**, for low- and middle-income Singaporeans and Permanent Residents who lost their jobs due to COVID-19

Our Insights:

- ❖ The Government strongly encourages employer to retain their employee in this COVID-19 period by defraying part of the local employee's expense
- ❖ Local workers who lost their jobs due to COVID-19 can apply for Support Grant

Supporting Self-Employed Persons (SEPs)

SEP Income Relief Scheme (SIRS)

- Eligible Singaporean SEPs will be received **\$1,000 a month, for 9 months**
- The following criteria are the **potential conditions** to be fulfilled as a SEPs for claiming SIRS (*conditions are currently under review*):

Singaporean SEPs who meet all of the following criteria are eligible for SIRS:

- Started works as a self-employed person on or **before Mar 25 2020**
- **Do not also earn income** as an employee
- Earn a net trade income of **no more than \$100,000**
- Live in a **property** with an annual value of **no more than \$13,000**
- Do not own two or more properties

For married Singaporean SEPs, the following additional criteria apply:

- The individual and spouse together do not own two or more properties; **AND**
- The Assessable Income of his/her spouse does not exceed \$70,000

SEP Training Supporting Scheme

- Extended till **end-2020**
- From 1 May 2020, **training allowance enhanced to \$10/hour**

Enhanced Workfare Special Payment

- Benefits about 50,000 lower-income SEPs
- Eligible lower income SEPs and Singaporean employees will receive a one-off cash payment of S\$3,000 (enhanced from a maximum of S\$720 previously)

Deferment of Income Tax Payment

- All SEPs with tax payment due on May, June and July 2020 will automatically be deferred to August, September and October 2020 respectively

Our Insights:

- ❖ The Government recognises the need to support SEPs, which are not able to enjoy the various grants for companies
- ❖ Ministry Of Manpower (MOM) is currently reviewing the conditions of the SIRS, after various feedbacks from the public
- ❖ The Government encourages SEPs to attend trainings to improve their skills and service, in order to maintain their competitiveness

Supporting Businesses

Enhanced Property Tax Rebate for 2020

- Increased Property Tax Rebate for **qualifying commercial properties**, such as hotels, serviced apartment, tourist attractions, shops and restaurants, from 15% or 30%, to **100%**
- All other **non-resident properties** will receive a new **30%** Property Tax Rebate

Supporting for Capability Development

- Raised maximum support levels for **Productivity Solution Grant (PSG)** and **Enterprise Development Grant (EDG)** to 80%, till 31 December 2020
- For EDG, support level will be further increased to 90% for most affected sector, on a case-by-case basis
- **PSG** expanded to help enterprises implement COVID-19 safe distancing measures:
 - Online collaboration tools
 - Virtual meeting and telephony tools
 - Queue management systems
 - Temperature screening solutions
- Enhanced **SMEs Go Digital** to support both ready-to-adopt and advanced digital solutions that reduce face-to-face contact

Cash Flow Support

- Expanded Temporary Bridging Loan Programme to all sectors, and increased maximum supported loan to \$5M
- Increased maximum loan quantum to \$1M under Enterprise Financing Scheme – SME Working Capital Loan
- Increased maximum loan quantum to \$10M and Government risk-share to 80%, under Enterprise Financing Scheme – Trade Loan
- Increased subsidies for loan insurance premium to 80% under Loan Insurance Scheme

Proposed law to protect businesses

- Commercial tenant may hold off rental obligations for at least six months, up to a year
- Contractor may be protected from carrying out its contractual obligations
- Landlord may need to pass on the full property tax rebate to tenants, with no conditions imposed
- More details should be announced on 06 April 2020

Deferment of Corporate Tax payment

- All companies with corporate tax payment due on April, May and June 2020, will automatically be deferred to July, August and September 2020 respectively

Our Insights:

- ❖ We can see that the Government has made great effort and measures to protect the businesses in Singapore, especially the proposed law to disallow landlord to take action if the business is unable to pay for the rental expense
- ❖ The Government have enhanced the PSG and EDG to support businesses in using automation equipment, especially social distancing tools SMEs can leverage this downturn situation to plan to digitalise their business as developing a responsive strategy to enhance their productivities and maintenance market value for their sustainability in future economy
- ❖ Loans are enhanced so that company can access financing to weather through the storm