



## Singapore Budget 2020 Snapshot

Together today. Transforming tomorrow.

18 February 2020



**MAKING AN  
IMPACT THAT  
MATTERS**  
*Since 1845*

# Foreword



"All Singapore Budget speeches seek to balance the near-term needs of the population and businesses with the longer-term goal of transformation; but very few in the history of the nation will have done so in such stark focus. Our Deloitte Budget theme is 'Together Today. Transforming Tomorrow.' and this balanced blend of current and future was clearly evident."

Deputy Prime Minister and Minister for Finance, Mr Heng Swee Keat, delivered his Budget 2020 speech on 18 February 2020.

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Budget 2020 is exceptional in many ways and could also well be a roadmap for how Singapore's 4th generation (4G) government will approach policymaking. For one, as part of the "Singapore Together" movement, the Government has taken considerable effort to understand people's needs and incorporate these into the Budget measures. Among other things, the public was asked to give their views on the priorities for Budget 2020, including support for business growth, training and employment, families, and senior citizens.

Budget 2020 also comes about in extraordinarily challenging times. The Ministry of Trade and Industry (MTI) downgraded its economic growth forecast for Singapore to between -0.5 and 1.5 per cent one day before the Budget 2020 announcement, citing the adverse impact of the COVID-19 outbreak and uncertainties in the global economy. The downgrade came 3 months shortly after the MTI had forecasted a modest economic growth for 2020 of between 0.5 and 2.5 per cent.

Faced with the slowest growth since 2009, there were high expectations that the Minister will pull out all stops and announce a "strong" Budget. As the Minister had himself said just before the budget announcement, the Government will do "all that is necessary" to help workers and firms.

Budget 2020 is "strong" indeed. With a historic deficit of \$10.95 billion and a theme of "Advancing as One Singapore", the Minister announced strong measures to help everyone affected by a slowing economy and uncertainties brought about by COVID-19.

For businesses and workers, the Minister introduced the Stabilisation and Support Package to help them through this challenging period. Despite the current challenges, the ongoing transformation of the economy needs to keep moving forward. There was a continued focus on measures to drive growth and innovation in the economy through the strengthening of partnerships with the rest of the world, support packages for start-up enterprises, measures to support domestic businesses with expansion and continued investment to increase the productivity and skills of the workforce. This is all with the intention to support the vision of a "Global Asia-node of technology, innovation, and enterprise".

On the international front, Singapore continues to actively participate in discussions at the OECD level on a consensus-based solution for the two Pillars of work that would update the international tax rules. The effect of the new potential rules will need to be taken into account in the government's fiscal planning going-forward and consideration given to how they may impact Singapore's current tax system.

For families coping with uncertainties brought on by COVID-19, the Minister announced a Care and Support Package which includes one-off cash payments. The Minister also introduced other measures for lower-income Singaporeans, including public transport and grocery vouchers, GST rebates and more cash pay-outs.

For the public, the Minister announced that the proposed 2% GST rate increase from 7% to 9% will not take place in 2021. While a GST rate increase will eventually be necessary, the Minister has announced a \$6 billion Assurance Package to help Singaporeans cushion the impact of the GST rise when it comes.

But that is not all – no one is left behind in Budget 2020, as the Minister announced measures to re-skill our workers, support our senior citizens and even help our students gain international exposure.

So, if we had to pick one word to sum up Budget 2020, it would be "together". The Minister's lapel sported an 'SG United' badge and he stressed that it's only together that we will overcome these difficult challenges, one by one; only together can we achieve our goals and bring about positive change, amid a turbulent future.

As the Minister aptly puts it on his Facebook page, "Together we will overcome".

The budget snapshot is provided in the following pages – Happy reading!

**Low Hwee Chua**  
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**For the family**

- S\$1.6B Care and Support Package:
  - One-off cash payout of S\$100 to S\$300 to all Singaporeans aged 21 and above
  - Minimum of S\$100 cash payment under Workfare Special Package to employees and self-employed persons
  - Passion card top-up of S\$100 to Singaporeans aged 50 and above
  - S\$100 Grocery Vouchers to certain Singaporeans aged 21 and above
  - One-off additional GST Voucher U-Save to eligible households
  - Service and conservancy charge rebates to eligible households
  - Workforce Transport Concession Scheme and Public Transport Voucher to lower-income Singaporeans
- S\$10M grant to self-help groups working with needy families and children
- S\$20M set aside for Community Development Councils

**Sectoral support**

- Targeted assistance to tourism, aviation, food services, retail, point-to-point transport sectors:
  - Property tax rebates ranging from 15% to 30% for above sectors
  - Temporary Bridging Loan Programme for tourism sector enabling enterprises to borrow up to S\$1M
  - Rebates on rentals to shops at Changi Airport, and for other operators in the airline industry
  - Rental waivers worth S\$45M to stall holders in specified hawker centres and markets
- S\$800M assigned to front-line agencies, mainly Ministry of Health

**Sustaining businesses**

- S\$4B stabilisation and support package
- Jobs support scheme—8% of the wages of local employees up to a monthly cap of S\$3,600 for 3 months
- Wage credit scheme enhanced from S\$4,000 to S\$5,000 for qualifying wage increases
- Corporate Income Tax rebate of 25% for YA2020 subject to a cap of S\$15,000
- Enterprise Financing Scheme's Working Capital loan component raised to S\$600,000 for one year. Government's share of risk on the loans increased to 80%

**Personal tax**

- No changes in personal tax rates
- Angel Investors Tax Deduction scheme to lapse after 31 Mar 2020

**Corporate tax**

- No change to corporate income tax rate
- Carry back relief scheme enhanced for YA2020 to permit carry back for 3 immediate preceding YAs
- Accelerated 2-years capital allowance on acquisition of plant and machinery for YA2021 and 1-year deduction on expenses incurred on renovation and refurbishment for YA2021
- Tax deduction for Internationalisation extended and scope of deduction expanded
- Various other schemes extended including Mergers & Acquisition Scheme, Maritime Sector Incentive, Global Trader Programme and certain Financial Services incentives

**GST**

- GST rate will remain at 7% in 2021 but will increase to 9% by 2025
- Government will continue to absorb GST on publicly-subsidised healthcare and education
- A S\$6B Assurance Package will be provided when GST rate is raised; every adult Singaporean to get a cash payout of S\$700 to S\$1,600 over five years

**Digitalisation and innovation**

- S\$300M enhancement to Startup SG Equity for emphasis on financing for early stage Deep-Tech Startups
- Launch/expansion of initiatives like GoBusiness, SMEs Go Digital, Grow Digital to foster digitalisation
- Opening up new ways of doing business through digitalisation of finance and by increased investments in FinTech and Digital Banking space
- S\$1B set aside for building cyber security and data security capabilities

**People and career development**

- Support for business leaders of certain SMEs to strengthen their leadership and management capabilities
- Support for local youths to gain overseas experience and participate in overseas internships
- Increase in local employee hiring by reducing S-Pass sub-dependency ratio ceiling of certain sectors from 20% to 15% by 1 Jan 2023

**SkillsFuture Credit**

- S\$500 SkillsFuture Credit top-up for Singaporeans aged 25 and above in 2020
- One-off S\$10,000 SkillsFuture Enterprise Credit for eligible employers that undertake enterprise and workforce transformation initiatives
- SkillsFuture Mid-career Support Package to be introduced
- Hiring incentive (20% of the salary for 6 months capped at S\$6,000 in total) for hiring local employees aged 40 and above through a reskilling programme

**Inclusivity**

- Share of government-supported pre-school places to be increased to 80% by 2025
- Students from ITE, polytechnics and autonomous universities will receive higher bursaries
- Transport and higher school meal subsidies will be given to students
- A new Enabling Employment Credit will be given from 2021 to 2025 to provide wage offsets to businesses that employ persons with disabilities

**Enabling seniors**

- Government to match every dollar of cash top-ups of eligible Singaporeans aged 55 to 70 to the CPF Retirement Account, subject to a cap of S\$600
- Senior Employment Credit to provide employers with wage offsets when employing Singaporean workers aged 55 years or more
- CPF Transition Offset to be provided to businesses in 2021 to offset the upcoming increase in employer CPF contributions
- A Senior Worker Support Package to be introduced
- Grants will be introduced to encourage businesses to employ older workers
- S\$500 SkillsFuture Credit top up for Singaporeans aged 40 to 60 in 2020

**Giving culture**

- Our Singapore Fund to receive top-up of S\$20M and extension to 2025
- Community Capability Trust to receive funding up to S\$350M over ten years
- Dollar-to-dollar matching of donations raised by ComChest

**Climate change and sustainability**

- Commercial Vehicle Emissions Scheme to be introduced for light goods vehicles
- A rebate of up to 45% on the additional registration fee, capped at S\$20,000, will be introduced to encourage the use of fully electric cars and taxis
- Additional infrastructure for charging of electric vehicle ("EVs") to be added in public areas
- Lump-sum tax will be built into road tax for EVs to replace fuel excise duties
- Incentives will be provided to encourage lower-income households to buy energy-efficient household appliances
- New HDB housing developments to integrate more greenery in housing estates
- Protection Fund, with an initial injection of S\$5B, will be set up to prepare Singapore for rising sea levels



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