



Singapore Business Tax developments

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Greetings from your Tax & Legal team at Deloitte Singapore. We hope that you and your loved ones are staying safe and healthy despite these challenging times. As we navigate ourselves through this trying period, we are committed to giving you the support you need.

We are pleased to share the following with you.

Jobs Growth Incentive (JGI)

On 4 September 2020, the Inland Revenue Authority of Singapore (IRAS) issued details on the JGI. The details were issued subsequent to the Ministerial Statement made on 17 August 2020.

The JGI provides substantial salary support to enable firms to accelerate their hiring plans and grow their local workforce i.e., Singapore citizens and Singapore Permanent Residents over the next six months, from September 2020 to February 2021. The intention of the JGI is to create good and long-term job for locals.

Topic	Points to note
Eligibility for the JGI	To be eligible for the JGI, firms must have been established on or before 16 August 2020 and will need to meet the following criteria, as compared to the August 2020 workforce:

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- (i) Increase in overall local workforce size in the six-month period from September 2020 to February 2021; **and**
 - (ii) Increase in local workforce size earning more than or equal to S\$1,400 per month.

The baseline local workforce will be based on the number of local workforce and local workforce earning at least S\$1,400 in gross wages (i.e., all allowances and payments that attract CPF contributions including basic salary, overtime pay, commissions, and bonuses) as at August 2020. This is determined using mandatory CPF contributions for the month of August 2020 for local employees paid on or before 14 September 2020.

A list of employers that are not eligible for the JGI is also provided in the IRAS' website. It includes firms such as firms established on or after 17 August 2020, dormant firms, unregistered local/ foreign entities, and certain representative offices.

Level of support for the JGI

For each qualified new local hire, firms will receive:

- (i) 50% of first S\$5,000 of gross monthly wages for up to 12 months for a new local hire aged 40 and above; or
- (ii) 25% of first S\$5,000 of gross monthly wages for up to 12 months for a new local hire aged 39 and below.

To receive the JGI for the full 12 months from the month of hire for each qualified new local hire, the firm must have qualified for the JGI during the eligibility period (i.e., employ qualified new local hires from September 2020 to February 2021) and continue to meet the eligibility criteria for the entire payout period (i.e., the qualified new local hires continue to be employed for 12 months depending on their date of hire).

Adjustment factor

The JGI payout will be adjusted downwards if any existing local employees (in the firm's employment as at August 2020) leave the firm after August 2020.

The adjustment factor is calculated based on the ratio of existing local employees who have left the firm to the total number of existing local employees as at August 2020, or 5%, whichever is higher. The adjustment factor is therefore higher if more existing local employees leave the firm. If new qualified local hires (employed from September 2020 onwards) leave the firm, this does not affect the adjustment factor. However, any JGI attached to such qualified local hires will cease.

The IRAS has clarified that an appeal form may be submitted for the IRAS' consideration if a local employee from August 2020 voluntarily resigned from the

employer, retired, or is currently on no-pay leave not due to cost saving measures.

Timing of the JGI payouts Employers do not need to apply for the JGI.

Eligible employers will automatically receive quarterly JGI payouts starting from March 2021 covering gross wages of new local hires so long as the conditions continue to be met.

Deloitte Singapore's views

The JGI is in addition to the current Jobs Support Scheme (JSS), and is intended to provide support to employers to accelerate job creation for local workforce over the next six months.

In line with the Government's focus on mature workers, greater level of support will be provided under the JGI for mature job seekers. This should provide an additional boost for mature job seekers who may be seeking new opportunities during this challenging period.

The JGI could allow local workers to continue their journey of reskilling themselves while being employed in a new role. A skilled Singaporean core will remain important during and even after the storm passes.

Contacts

For more information on the above or any other matters, please contact either the listed contacts below, or any member of the [Singapore Tax & Legal team](#).

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