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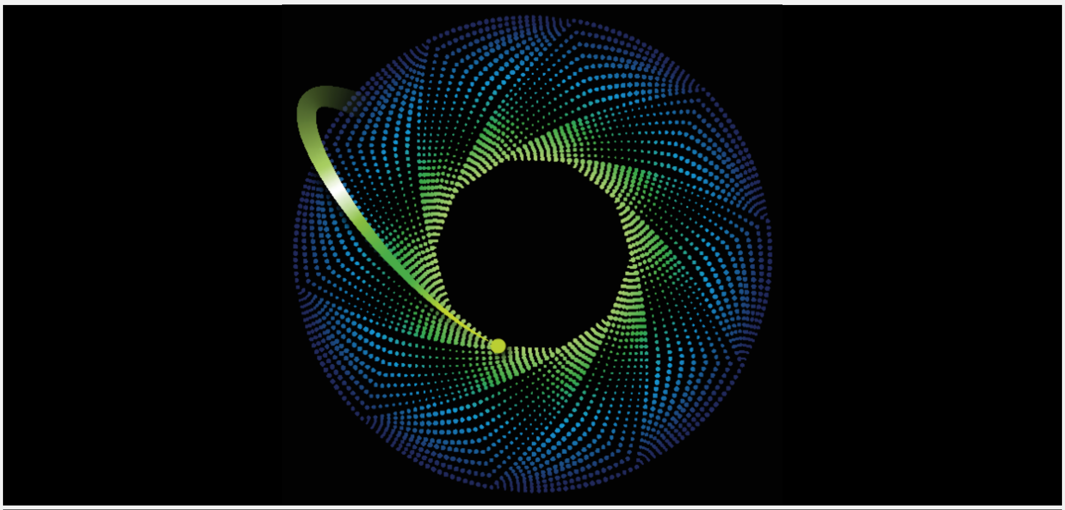

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Greetings from your Tax & Legal team at Deloitte Singapore.

We are pleased to update you on the following:

Changes made during the Singapore Budget Announcement 2024

The Singapore Minister for Finance (Minister) presented the 2024 Budget Statement on 16 February 2024, marking a crucial step towards strengthening Singapore's resilience and adaptability in an era of global uncertainty and change.

Below is a summary of the proposed changes from the Singapore individual income tax and social security perspectives:

Personal Income Tax (PIT) Rebate for Year of Assessment (YA) 2024 (income year 2023)

A one-off PIT Rebate of 50% of tax payable will be granted to all tax resident individuals for YA 2024. The rebate will be capped at S$200 per taxpayer.

Raise income threshold for dependant-related reliefs

Currently, the annual income of the dependant or caregiver cannot exceed S$4,000 in the preceding year if a tax resident individual wishes to claim the following dependant-related reliefs:

a) Spouse Relief;
b) Parent Relief;
c) Qualifying Child Relief;

d) Working Mother's Child Relief;
e) Central Provident Fund (CPF) Cash Top-up Relief for top-up to CPF account of spouse or siblings; and
f) Grandparent Caregiver Relief.

As announced in Budget 2024
To allow more individual taxpayers who are providing for dependant family members to enjoy these reliefs, while giving family members the flexibility to do some work, the income threshold of S$4,000 will be increased to S$8,000 with effect from YA 2025 (income year 2024).

Lapse of Course Fee Relief (CFR)

Currently, a tax resident individual may claim CFR up to a maximum relief of S$5,500 in each YA. To qualify, the course, seminar, or conference must:
a) Be relevant to the individual's present or future trade, business, profession, vocation or employment; or
b) Lead to an approved academic, professional or vocational qualification.

As announced in Budget 2024
The CFR of up to S$5,500 will lapse with effect from YA 2026 (income year 2025).

Remove CPF Cash Top-Up Relief for cash top-ups that attract matching grant from the Government under the Matched Retirement Savings Scheme (MRSS)

Cash top-ups to the Retirement Account of a MRSS-eligible CPF member attract the MRSS matching grant and may also entitle the giver to the CPF Cash Top-Up Relief.

As announced in Budget 2024
Cash top-ups made on or after 1 January 2025 to the Retirement Account of a MRSS eligible CPF member that attract the MRSS matching grant will no longer entitle the giver to the CPF Cash Top-Up Relief from YA 2026 (income year 2025).

Increase in senior workers' CPF contribution rates

In 2019, the Government announced that CPF contribution rates will be raised gradually over the decade for Singaporean and Singapore Permanent Resident (SPR) workers aged above 55 to 70.

As announced in Budget 2024
The Minister has proposed for the next increase in senior workers' CPF contribution rates to take place on 1 January 2025. This means workers within the age group of above 55 to 65 will see an additional 1.5% of CPF contribution. As with previous increases, this increase will be fully allocated to the CPF Special Account (SA) or Retirement Account (RA), to help senior workers save more for retirement.

A 1-year CPF Transition offset will be automatically provided to employers for the 2025 increases and employers are not required to apply for the same. The offset will be equivalent to half of the 2025 increase in employer CPF contribution rates for every Singaporean and SPR worker employed within this age group.

CPF Contribution Rates for Senior Workers from 1 January 2025

Worker age (Years)	CPF Contribution Rates			CPF Transition Offset
	Total	Employer	Employee	
55 and below	No change	No change	No change	No change
Above 55 to 60	32.5%	15.5%	17.0%	0.25%
Above 60 to 65	23.5%	12.0%	11.5%	0.25%
Above 65 to 70	No change	No change	No change	No change
Above 70	No change	No change	No change	No change

Introduce an Overseas Humanitarian Assistance Tax Deduction Scheme (OHAS)

To encourage giving towards overseas emergency humanitarian assistance causes, the OHAS will be piloted for four years from 1 January 2025 to 31 December 2028.

The OHAS will provide individual and corporate donors with 100% tax deduction for qualifying overseas cash donations made through a designated charity and towards a fundraiser for emergency humanitarian assistance with a valid Fund-Raising for Foreign Charitable Purposes permit from the Commissioner of Charities.

Withdraw income tax concession on royalty income accorded to authors, composers, and choreographers

Royalty income derived by any author, composer, choreographer or any company wholly owned by such individuals in respect of literary, dramatic, musical and artistic work is brought to tax based on the lower of:

(i) The net amount of royalties (i.e., gross amount of royalties, less allowable deductions and capital allowances), and

(ii) 10% of the gross amount of royalties.

As announced in Budget 2024
To ensure parity in the treatment of royalty income, the tax concession will be withdrawn in phases with effect from YA 2027 (income year 2026).

For YA 2027 (income year 2026) and YA 2028 (income year 2027), eligible taxpayers may continue to claim the tax concession and report their taxable royalty income based on the lower of:

(i) The net amount of royalties (i.e., gross amount of royalties, less allowable deductions and capital allowances), and

(ii) A specified rate applied on the gross amount of royalties. The specified rates are as follows:

YA	Concessionary tax treatment
2027	40% of gross royalty
2028	70% of gross royalty

The tax concession will lapse after YA 2028 (income year 2027). From YA 2029 (income year 2028), taxpayers should report the net amount of royalties.

Deloitte Singapore's view

The grant of the PIT rebate of 50% for YA 2024 is a welcomed gesture as it will help provide some relief to address cost of living pressures together with other non-tax measures also announced, especially for the middle-income group.

The increase in the annual income threshold from S$4,000 to S$8,000 for dependant related tax reliefs is a recognition that the median income of Singaporeans has increased over the years, and which will allow a bigger population of individual taxpayers to claim relief for their dependents if all other conditions are met, while enabling their dependents to earn some income.

The increase in the senior workers' CPF contribution rates is in line with the Government's continued efforts to strengthen support for senior workers to ensure that they have sufficient retirement adequacy as well as to encourage them to continue to remain employed given Singapore's ageing population.

Overall, the changes proposed in the 2024 Singapore Budget are wide-ranging and are aimed towards ensuring a more equitable and inclusive society for all Singaporeans.

Contacts

Should you have any comments or questions arising from this newsletter, please contact anyone listed below or any member of the Singapore Tax & Legal team.

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