



Ministerial Statement—August 2020

Extraordinary measures for extraordinary times

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.

Ministerial Statement—August 2020

On 17 August 2020, the Deputy Prime Minister (Minister) and Minister for Finance Heng Swee Keat delivered the Ministerial Statement, about three months after the announcement of the Fortitude Budget.

The Ministerial Statement sets out how the Government will continue its support for workers and businesses during this COVID-19 pandemic. This is in view that some of the existing schemes or measures, in particular the Jobs Support Scheme (JSS), will be ending soon.

Three key areas were identified namely, the continued support for workers and creation of jobs, preserving core capabilities for hardest-hit sectors, and transforming Singapore's economy in a post-COVID-19 world.

These would be addressed through the introduction and extension of various measures. One of the key measures extended is the JSS.

Extension and adjustment of the JSS

The JSS will be extended by up to seven months, covering wages until March 2021, with the level of support being scaled down. The level of support will be adjusted based on the projected recovery of the different sectors. The JSS will now cover wage support for a total of 17 months for most businesses since it was first introduced in the Unity Budget.

The adjustments to the JSS are as follows:

Payout based on wages paid in	Tier 1	Tier 2	Tier 3
October 2019– December 2019	75%	50%	25%
February 2020– March 2020			
April 2020–May 2020 (Circuit breaker)	75%	75%	75%
June 2020– August 2020	75%	50%	25%
September 2020– December 2020			10%
January 2021– March 2021	50%	30%	10% (0% for sectors that are managing well)

Tier 1: Aviation and aerospace sector, tourism, hospitality, conventions, and exhibitions. The built environment sector will receive Tier 1 JSS support only for June 2020 to October 2020 wages.

Tier 2: Built environment sector (for duration not covered in Tier 1), food services, retail, arts and entertainment, land transport, and marine and offshore.

Tier 3: All other sectors. JSS support for selected Tier 3 sectors (i.e., financial services, information and communications technology (ICT), media, biomedical sciences, precision engineering, electronics, postal and courier, online retail, and supermarkets and convenience stores) will cease after December 2020.

Employers who are not allowed to resume on-site operations during phased re-opening will receive Tier 1 JSS support for wages paid until March 2021, or until such time when they are allowed to resume operations on-site, whichever is earlier.

Introduction of Jobs Growth Incentive (JGI)

To support hiring in growing sectors such as biomedical sciences, financial services, ICT, public healthcare and long-term care sectors etc., the Minister also announced the launch of the JGI. The JGI aims to support the Government's efforts to create new jobs for local workers, with a special focus on mature workers.

This SG\$1 billion programme will support firms to increase their headcount of local workers over the next six months. Under the JGI, the Government will co-

pay up to 25% of salaries of all new local hires for one year, subject to a cap. For those aged 40 and above, the co-payment to firms will be up to 50%.

The Ministry of Manpower will provide more details later in August.

Other measures include extending the COVID-19 Support Grant, widening the eligibility of Workfare Special Payment, and etc.

Deloitte Singapore's view

Two months have passed since Singapore moved into Phase 2. Since then, businesses have been gradually opening up, with the necessary safe-distancing measures in place. However, the pace of projected recovery remains different for the various sectors in the economy even though there are bright spots amidst the economic situation.

The Minister mentioned in the Fortitude Budget that the level of support for these measures cannot continue indefinitely. Nonetheless, the Government recognises that this COVID-19 situation may yet continue for an extended period of time and adopted a targeted approach in this announcement.

Businesses would welcome the extension of the JSS, even though it may have been scaled back. A 7-month extension of the JSS support will hopefully give viable businesses some breathing space and a longer lead time to plan and adapt during this period of uncertainty and to rebuild. The JGI is also an interesting scheme that provides targeted support for local workers, particularly the mature workers. We keenly await further details on this scheme.

We are now in the third quarter of 2020—six months since the Unity Budget was announced in February 2020. The road ahead continues to be filled with uncertainties and challenges. It has forced many businesses to rethink and transform their business models, and pivot to new opportunities. To echo what the Minister said in his closing remark: “It is a difficult journey ahead, but you will not walk alone.”

Contact

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](#).

Low Hwee Chua
Tax & Legal Leader
Deloitte Singapore

+65 6216 3290
hlow@deloitte.com

Liew Li Mei
Tax Partner
Deloitte Singapore

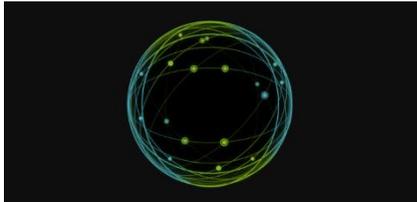
Daniel Ho
Tax Partner
Deloitte Singapore

+65 6216 3189
danho@deloitte.com

Ong Zhong Teck
Tax Manager
Deloitte Singapore

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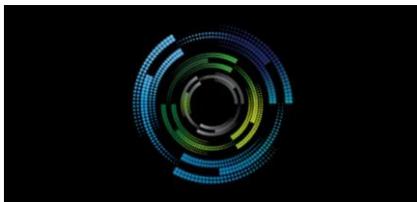
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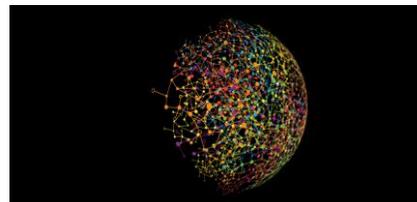


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