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Singapore Budget 2024 Digest

Shaping our united tomorrow

MAKING AN IMPACT THAT MATTERS since 1845

Common abbreviations

BEPS	Base Erosion and Profit Shifting
CA	Capital Allowances
CIT	Corporate Income Tax
CPF	Central Provident Fund
€	Euro
ESG	Enterprise Singapore
EDB	Economic Development Board
FY	Financial Year
GDP	Gross Domestic Product
IRAS	Inland Revenue Authority of Singapore
ITA	Income Tax Act
MAS	Monetary Authority of Singapore
MNE	Multinational Enterprise
MPA	Maritime and Port Authority of Singapore
OECD	Organisation for Economic Co-operation and Development
PIT	Personal Income Tax
%	Percent
R&D	Research and Development
$	Singapore Dollar
SC	Singapore Citizen
SPR	Singapore Permanent Resident
YA	Year of Assessment

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Foreword

Daniel Ho
Tax & Legal Leader
Deloitte Singapore

Budget 2024 marks a crucial step towards strengthening Singapore's resilience and adaptability in an era of global uncertainty and change. It underscores a proactive stance in securing the nation's future, emphasising the need for bold, strategic measures to propel Singapore forward. This budget is a testament to the Government's commitment to not just foster economic growth but also to ensure a more equitable and inclusive society for all Singaporeans, reflecting a balance between advancement and social cohesion.

Budget 2024 marks a crucial step towards strengthening Singapore's resilience and adaptability in an era of global uncertainty and change. It underscores a proactive stance in securing the nation's future, emphasizing the need for bold, strategic measures to propel Singapore forward. This budget is a testament to the Government's commitment to not just foster economic growth but also to ensure a more equitable and inclusive society for all Singaporeans, reflecting a balance between advancement and social cohesion.

Our Budget 2024 theme, "Shaping our united tomorrow," resonates deeply with Singapore's Budget 2024 theme, "Building our shared future together," which necessitates a unified and resilient approach to overcoming global uncertainties and leveraging opportunities for growth. The past year has been challenging for Singapore. It experienced a modest growth of 1.1%, steering clear of recession amidst subdued global economic activity and significant geopolitical risks. With major economies expected to exhibit resilience, the outlook for 2024 is cautiously optimistic, forecasting GDP growth between 1.0% to 3.0%. However, this optimism is tempered by considerable uncertainties, particularly from geopolitical tensions and their potential to disrupt global supply chains and energy markets. Despite these challenges, the easing of global inflationary pressures and a recovery in the global electronics industry present opportunities for growth, particularly in Asia, which continues to be a key driver of economic expansion.

Singapore's Deputy Prime Minister and Minister for Finance, Lawrence Wong began his Budget speech by addressing the immediate challenges of cost-of-living pressures by rolling out a comprehensive package of support measures. From enhancements to social service schemes to relief measures for households and businesses, Budget 2024 aims to alleviate the financial strain on Singaporeans. The Minister's assertion that "We will always have your back", encapsulates the Government's unwavering commitment to supporting its citizens through these turbulent times.

Budget 2024 also introduces significant corporate tax reforms aimed at safeguarding the nation's taxing rights and enhancing the country's investment attractiveness. In relation to the former, the introduction of the Income Inclusion Rule (IIR) and Domestic Top-Up Tax (DTT) is a strategic move to ensure that Singapore collects the appropriate level of tax on profits generated within its jurisdiction, rather than ceding these taxes to another country which implements the Pillar Two rules. These measures, which will take effect for Singapore for financial years starting on or after 1 Jan 2025, are designed to maintain fairness in the taxation of multinational enterprises operating across borders. In Budget 2024, we see the introduction of a Refundable Investment Credit (RIC), which incentivises significant investments in strategic sectors and emerging growth areas. The RIC covers qualifying expenditures for up to 10 years, targeting activities like capacity expansion, digital services, R&D, and decarbonisation. With support rates and eligible expenditures (including capital and manpower costs) tailored to economic outcomes, unused credits are refundable within 4 years, aligning with global minimum tax rules.

Among the many notable features of Budget 2024 is the introduction of a temporary financial support scheme for the involuntarily unemployed. This marks a pivotal moment in Singapore's social policy, recognising the need to provide targeted financial support to a select group of unemployed individuals. Historically, Singapore has been cautious in providing unemployment benefits to avoid potential pitfalls, such as disincentivising work. However, this scheme underscores a commitment to ensuring a safety net for those affected by unforeseen economic shifts.

Budget 2024 focuses on enhancing Singaporeans' skillsets and retirement adequacy. It strengthens SkillsFuture, aiming at lifelong learning and adaptation to technological advancements, ensuring workers remain competitive globally. Notably, the SkillsFuture Level-Up Programme and enhanced subsidies for mid-career individuals for full-time diplomas at local institutions support in-depth reskilling. Simultaneously, measures to boost retirement adequacy include raising CPF contribution rates for older workers and enhancing the Silver Support Scheme, thereby improving financial stability for the elderly. These initiatives collectively ensure Singaporeans are well-equipped for future challenges and enjoy a secure retirement.

Adjustments in property tax, set to reflect recent market trends and enhance fairness, respond to significant rent increases. From Jan 2025, adjustments in Annual Value bands for owner-occupied residential properties ensure a fair contribution from those staying in higher-value homes.

There are also enhancements to Singapore's tax regime for specific sectors such as the extension of the tax exemption schemes for qualifying funds, albeit with increased substance requirements. A tonnage tax regime for qualifying shipping entities has also been introduced, while concessionary tax rates for some of the commonly awarded tax incentive schemes have been recalibrated.

Singapore's Budget 2024 is a balanced approach to navigating the uncertainties of the global economy while laying down a resilient foundation for future growth. By focusing on strategic tax reforms, supporting the vulnerable, and addressing cost-of-living pressures, the budget reaffirms the Government's commitment to fostering a robust, inclusive, and forward-looking nation.

Our Budget Digest summarises the rollout and enhancement of the novel and existing tax-related measures and initiatives. We wish you a pleasurable and insightful read!

Major developments

Liew Li Mei
International Tax Leader

It is no surprise that the IIR and DTT for in-scope MNEs will move ahead as planned from 1 Jan 2025.

When Singapore first announced an implementation date of 2025, there were questions around the rationale behind Singapore's decision for a one-year delay as that meant potentially forgoing revenue collection for a year.

The decision to go ahead with the initial planned implementation date for IIR and DTT and a deferral of the Undertaxed Payments Rule (UTPR), coupled with adjustments to the incentives toolkit, reflects the Government's balanced approach in complying with internationally agreed-upon rules, while ensuring that its policies continue to keep Singapore competitive and give impacted businesses sufficient time to assess, prepare, and comply.

Yvaine Gan
Global Investment & Innovation Incentives Leader

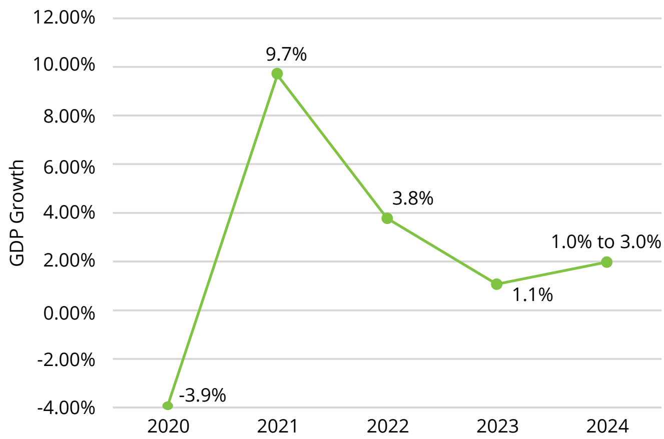
The new RIC, a tax credit with a refundable cash feature, has been highly anticipated and will be welcomed by both potential investors and existing multinationals in Singapore impacted by BEPS 2.0 Pillar Two rules. It is encouraging to see that the Singapore Government has incorporated industry feedback and designed this new incentive tool with flexibility to support a wide range of activities, including manufacturing, digital services, headquarter activities, commodity trading, R&D, and green transition plans.

While the new RIC seems to be expenditure-based, where the quantum of credits will depend on pre-determined support rates on qualifying expenditure, we hope to see the RIC expanded to include output/volume-based features, such as a company's volume of products manufactured in Singapore. This greater flexibility of having a combination of expenditure-based and output-based credits will address the needs of a broader range of businesses, making the RIC an even more impactful incentive in supporting companies in the changing investment landscape.

Key financials at a glance

GDP growth

Due to the impact of the COVID-19 pandemic, Singapore's economy experienced a contraction of 3.9% in 2020. However, signs of economic revival were evident at the close of 2020, leading to a robust recovery with a recorded growth rate of 9.7% in 2021. This positive trajectory moderated in 2022, with the GDP growth decelerating to 3.8%. Singapore narrowly missed a recession with a modest growth of 1.10% for 2023 and is forecasted to project growth between 1.0% to 3.0% for 2024.



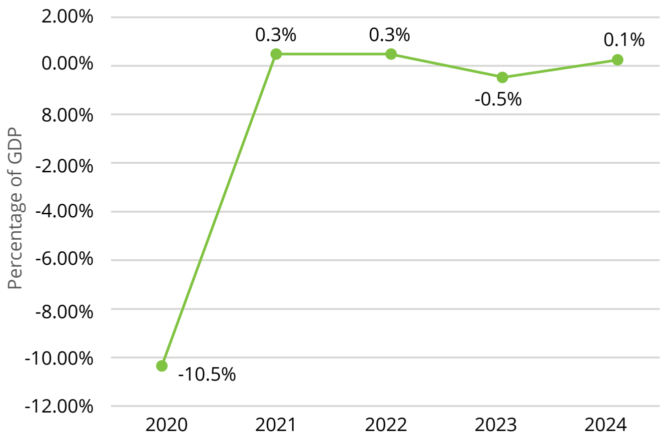
GDP

Year	GDP at current market price $ (bil)	% change
2020*	482.2	-3.9%
2021*	583.2	9.7%
2022*	687.2	3.8%
2023*	673.3	1.1%
2024	721.1	1.0% to 3.0%

**GDP Growth figures are based on data provided by Department of Statistics Singapore.*

Overall fiscal position

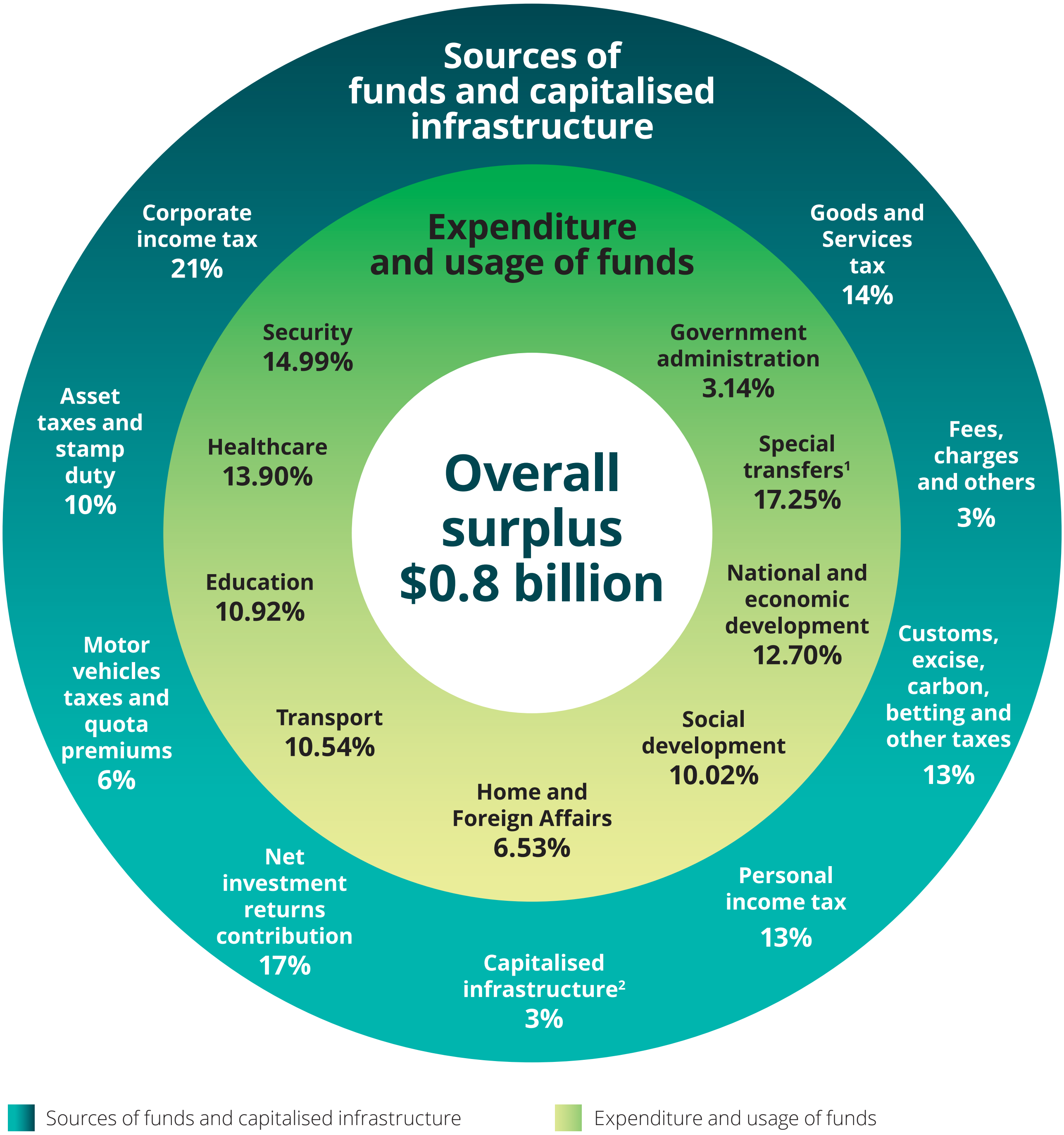
In 2020, the budget experienced an overall fiscal deficit equivalent to 10.5% of GDP, driven by significant government spending on various assistance programs for individuals and economic stimulus packages for businesses as a result of the COVID-19 pandemic. By 2021, the situation improved, resulting in a fiscal surplus of 0.3%. The fiscal position remained neutral with minor surplus and deficit in 2022 and 2023. It is projected that in 2024, there would be a modest overall surplus of 0.10%.



Overall fiscal surplus/ (deficit)

Year	Overall fiscal surplus/ (deficit) $ (bil)	% of GDP
2020	(51.567)	-10.5%
2021	1.880	0.3%
2022	1.716	0.3%
2023	(3.571)	-0.5%
2024	0.778	0.1%

Budget 2024 Fiscal position



[1] Special transfers refer to financial allocations made by the Government to specific groups, sectors, or initiatives.
[2] Capitalised infrastructure refers to investments in long-term physical projects like roads and public transit systems, which costs are spread over their useful lives.

Business Tax

CIT Rebate for YA 2024 and CIT Rebate Cash Grant

To help companies manage rising costs, a CIT Rebate of 50% of tax payable will be granted for YA 2024.

Companies that have employed at least one local employee in 2023 (referred to as "local employee condition") will receive a minimum benefit of $2,000 in the form of a cash payout (referred to as "CIT Rebate Cash Grant").

Companies that have met the local employee condition will automatically receive the CIT Rebate Cash Grant by third quarter of 2024. A company is considered to have met the local employee condition if it has made CPF contributions to at least one local (i.e., SC or Permanent Resident) employee, excluding shareholders who are also directors of the company, in the calendar year 2023.

The CIT Rebate, less any CIT Rebate Cash Grant received, will be automatically incorporated in tax assessments raised after the companies file their CIT returns for YA 2024.

For example, Company A hired two local employees in 2023. It has a CIT assessment of $30,000 for YA 2024. Company A will receive a $2,000 CIT Rebate Cash Grant by third quarter 2024. It will receive another $13,000 [(50% * $30,000) - $2,000] in CIT Rebate in its YA 2024 CIT assessment.

The maximum total benefits of CIT Rebate and CIT Rebate Cash Grant that a company may receive is $40,000.

Enhance the tax deduction for Renovation or Refurbishment (R&R) expenditure

To ease businesses' compliance burden and improve the relevance of the scheme, the Government will introduce the following enhancements from YA 2025:

a. Expand the scope of qualifying expenditure to include designer or professional fees;

b. Fix the relevant 3-year period for the purpose of computing the R&R expenditure cap, with the first 3-year period being from YA 2025 to YA 2027. All businesses will be transitioned to the fixed relevant 3-year period; and

c. Allow an option to claim R&R deductions in 1 YA, subject to the prevailing expenditure cap.

The IRAS will provide further details by third quarter of 2024.

Rohan Solapurkar
Business Tax Leader

What stands out in this year's Budget is the reintroduction of the CIT rebate after a hiatus of 3 years. Not only is the CIT tax rebate cap of $40,000 for the YA 2024 higher than the quantum in any of the past years, the Minister has also ensured that non-profitable companies get to benefit as well by offering a minimum cash payout of $2,000. A company with normal chargeable income (before partial tax exemption) in the range of $573,000 should expect to benefit the most from the CIT rebate. Enterprises will get to enjoy immediate financial relief and conserve cash flow, which is crucial in today's uncertain economic environment.

Introduce RIC

To enhance Singapore's attractiveness for investments, the RIC scheme will be introduced, which will be awarded on an approval basis through the EDB and the ESG, to support high-value and substantive economic activities such as:

a. Investing in new productive capacity (e.g., new manufacturing plant, production of low-carbon energy);

b. Expanding or establishing the scope of activities in digital services, professional services, and supply chain management;

c. Expanding or establishing headquarter activities, or Centres of Excellence;

d. Setting up or expansion of activities by commodity trading firms;

e. Carrying out R&D and innovation activities; and

f. Implementing solutions with decarbonisation objectives.

The RIC is awarded on qualifying expenditures incurred by the company in respect of a qualifying project, during the qualifying period. Each RIC award will have a qualifying period of up to 10 years.

Companies can receive up to 50% of support on each qualifying expenditure category. Depending on project type, qualifying expenditure categories may include:

a. Capital expenditure (e.g. building, civil and structural works, plant and machinery, software);
b. Manpower costs;
c. Training costs;
d. Professional fees;
e. Intangible asset costs;
f. Fees for work outsourced in Singapore;
g. Materials and consumables; and
h. Freight and logistics costs.

The credits are to be offset against corporate income tax payable. Any unutilised credits will be refunded to the company in cash within 4 years from when the company satisfies the conditions for receiving the credits. The scheme is consistent with the BEPS 2.0 Pillar Two rules for Qualified Refundable Tax Credits.

The quantum of RIC that a company can receive will depend on the support rates predetermined for the company's different qualifying expenditure categories. Support rates will be commensurate with the economic outcomes (or decarbonisation outcomes for decarbonisation projects) that the project is expected to bring.

The EDB and the ESG will provide more information by third quarter of 2024.

Implement the IIR and DTT under Pillar Two of the BEPS 2.0 initiative

Singapore will implement the IIR and DTT, which will impose a minimum effective tax rate of 15% on businesses' profits from financial years starting on or after 1 Jan 2025. This will apply to relevant MNE groups with annual group consolidated revenue of €750 million or more in at least 2 of the 4 preceding financial years (referred to as "in-scope MNE groups"), in line with the BEPS 2.0 Pillar Two rules.

The IIR will apply to in-scope MNE groups that are parented in Singapore, in respect of the low taxed profits of their group entities that are operating outside Singapore.

The DTT will apply to in-scope MNE groups in respect of the low taxed profits of their group entities that are operating in Singapore.

Extend and enhance the tax incentive schemes for funds managed by Singapore-based fund managers (referred to as Qualifying Funds)

To continue to grow Singapore's asset and wealth management industry, the schemes under Sections 13D, 13O, and 13U of the ITA originally scheduled to lapse after 31 Dec 2024, have now been extended until 31 Dec 2029.

In addition, the following key changes will be made:

a. The Section 13O scheme will be enhanced to include Limited Partnership fund vehicles registered in Singapore; and

b. The economic criteria for Qualifying Funds under the Sections 13D, 13O, and 13U schemes will be revised.

These key changes will take effect from 1 Jan 2025.

The MAS will release additional details by third quarter of 2024.

Matthew Lovatt
Tax Partner (Business Tax Financial Services)

The Section 13D, 13O, and 13U fund incentives are key pillars that support Singapore as a leading fund management hub. These incentives seek to promote institutional fund management and family offices in Singapore.

It is noteworthy that there will also be a revision of the economic criteria of the incentives, including for the Section 13D incentive (which currently does not have any economic criteria such as minimum Assets under Management [AUM] or business spending). An upwards revision will be in line with similar changes already introduced for family-owned fund vehicles and is expected to seek for higher levels of economic substance to be located in Singapore. It will be important to consider how such revisions may impact the underlying economics that fund managers will consider in deciding whether to set up asset management functions or locate asset owning vehicles in Singapore.

The expansion of the Section 13O incentive to limited partnerships registered in Singapore is a welcome development. While Singapore limited partnerships share many legal features with popular alternatives such as a Cayman Islands limited partnership, there have been relatively few Singapore limited partnerships formed as fund vehicles. This development may incentivise fund managers to re-consider the use of the Singapore limited partnership as a suitable fund vehicle, although other factors such as tax treaty eligibility may impact such decision.

Introduce an alternative basis of tax for qualifying shipping entities

To better align the tax regime for shipping entities with common international practices, an alternative basis of tax where the qualifying income of qualifying shipping entities is taxed by reference to the net tonnage of their ships will be available under the following Maritime Sector Incentive (MSI) sub-schemes from the YA 2024:

a. MSI-Shipping Enterprise (Singapore Registry of Ship) (MSI-SRS)
b. MSI-Approved International Shipping Enterprise (MSI-AIS)
c. MSI-Maritime Leasing (Ship) (MSI-ML(Ship))

The alternative basis of tax will apply to all qualifying ships of MSI entities that are subjected to it.

The existing tax treatment under the relevant MSI sub-schemes will continue to apply to MSI entities that are not under the alternative net tonnage basis of tax.

The MPA will provide further details by third quarter of 2024.

Daniel Ho
Tax & Legal Leader

The introduction of alternative tax basis for qualifying MSI entities by reference to net tonnage is an interesting development, as it seeks to align the taxation of shipping groups with international practices such as that in the United Kingdom (UK) and Netherlands. Taxation based on net tonnage of ships could simplify tax calculations for qualifying shipping entities.

Further details on the alternative basis of taxation, to be provided by MPA is important in order to assess the full impact on shipping entities and their go-forward tax strategy and operations. It is noted that such alternative basis will be available from YA 2024 where the tax filing due date is 30 Nov 2024 so eligible shipping groups may wish to get ready to quickly evaluate the tonnage tax alternative once further details are released.

Introduce an additional concessionary tax rate for certain tax incentives

To ensure that Singapore's tax incentives remain relevant and competitive, an additional CTR tier will be introduced for the following incentives with effect from 17 Feb 2024:

Incentives	Additional CTR tier
Finance and Treasury Centre	10%
Aircraft Leasing Scheme	10%
Development and Expansion Incentive	15%
Intellectual Property Development Incentive	15%
Global Trader Programme	15%

The EDB and the ESG will provide further details by second quarter of 2024.

Yvaine Gan
Global Investment & Innovation Incentives Leader

The introduction of additional concessionary tax rate (CTR) tier to various key incentive schemes enhances Singapore's incentive regime as we move to the implementation of DTT. While the difference of the additional CTR may seem marginal as compared to Singapore's prevailing CIR rate of 17%, this will provide certainty and flexibility to affected MNE groups operating in Singapore as companies re-evaluate their investment plans.

With the recalibration of incentive rates, we are optimistic that Singapore will stay competitive as a strategic destination for high-value investments in a post-BEPS world.

Introduce the Overseas Humanitarian Assistance Tax Deduction Scheme (OHAS)

To encourage giving towards overseas emergency humanitarian assistance causes, the OHAS will be piloted for 4 years from 1 Jan 2025 to 31 Dec 2028.

The OHAS will provide individual and corporate donors with 100% tax deduction for qualifying overseas cash donations.

Qualifying overseas cash donations must meet the following two conditions to be eligible for tax deductions:

a. Donation must be made through a designated charity. Designated charities should have emergency humanitarian assistance as part of their charitable objectives, as well as enhanced governance and controls against illicit fund flows. Charities that qualify will be invited to participate in the pilot. The list of designated charities will be made available from 1 Jan 2025.

b. Donation must be made towards a fund-raiser for emergency humanitarian assistance with a valid Fund-Raising for Foreign Charitable Purposes (FRFCP) permit from the Commissioner of Charities (COC). Designated charities are required to apply for a FRFCP permit from the COC prior to commencement of a fund-raising appeal for an emergency humanitarian assistance cause.

The COC will determine upon reviewing the FRFCP permit application whether a fund-raiser in question is for an emergency humanitarian assistance cause. Emergency humanitarian assistance refers to emergency assistance tied to a specific incident with a clear trigger such as in response to natural disasters (e.g., earthquakes or floods) or other sudden crises (e.g., pandemics). Assistance typically includes rapid delivery of essentials such as food, clean water, shelter, medical care, and search, rescue, and evacuation efforts.

Tax deductions under OHAS will be capped at 40% of the donor's statutory income. For donors who also receive tax deductions under the Philanthropy Tax Incentive Scheme for Family Offices (PTIS), tax deductions under both OHAS and PTIS will be jointly capped at 40% of the donor's statutory income.

Any unutilised tax deductions under the OHAS cannot be carried forward to offset the donor's income for any subsequent YA and cannot be transferred to another company of the same group under the Group Relief System for any YA.

The IRAS will provide further details by 30 Jun 2024.

Personal Tax

PIT rates and rebates

No change to the PIT rates was announced.

A one-off PIT rebate of 50%, capped at $200, will be granted to resident individual taxpayers for YA 2024.

Raise income threshold for dependant-related reliefs

To allow more individual taxpayers who are providing for dependant family members to enjoy the below reliefs, while giving family members the flexibility to do some work, the income threshold of $4,000 will be increased to $8,000:

a. Spouse Relief;
b. Parent Relief;
c. Qualifying Child Relief;
d. Working Mother's Child Relief;
e. CPF Cash Top-up Relief for top-up to the CPF account of spouse or siblings; and
f. Grandparent Caregiver Relief.

For handicapped spouse or siblings, there is no annual income threshold in relation to item (e). The annual income threshold of caregiver in relation to item (f) only includes those from trade, business, profession, vocation, and employment.

The change will take effect from YA 2025.

Withdraw income tax concession on royalty income

To ensure parity in the treatment of royalty income, the tax concession accorded to authors, composers, and choreographers or any company wholly owned by such individuals will be withdrawn in phases from YA 2027.

For YA 2027 and YA 2028, 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 will be as follows:

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

The tax concession will be lapsed after YA 2028. From YA 2029, taxpayers should report the net amount of royalties.

Sabrina Sia
Global Employer Services Leader

The announcement of the PIT rebate of 50% for YA 2024, capped at $200, is unexpected as the last time a PIT rebate was announced was for YA 2019. Notwithstanding, it is a welcome gesture that will help provide some relief to address cost of living pressures amongst other measures also announced, especially for the middle-income group.

In addition, the increase in the annual income threshold of $4,000 to $8,000 for individual taxpayers to claim dependent-related reliefs such as spouse and qualifying child reliefs, is a recognition that median incomes for Singaporeans have significantly increased over the years. This should now 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.

Lapse of Course Fees Relief

With the introduction of more targeted direct subsidies to support lifelong learning and upskilling over the years, the Course Fees Relief of up to $5,500 will be lapsed.

The change will take effect from YA 2026.

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

A giver will no longer be entitled to claim CPF Cash Top-Up Relief when contributing to the Retirement Account of a MRSS-eligible CPF member that attracts the MRSS matching grant.

Notwithstanding, a giver may continue to enjoy tax relief of up to $16,000 a year for eligible CPF cash top-ups that do not attract the MRSS matching grant. The maximum amount of CPF Cash Top-Up Relief is $8,000 per year for cash top-ups to the giver's own Special Account, Retirement Account or MediSave Account, and another $8,000 per year for cash top-ups to such accounts of the giver's loved ones.

The change will take effect from YA 2026.

Revise the Senior Workers' CPF Contribution Rates

To strengthen the retirement support for senior workers, CPF contribution rates for Singaporean and SPR workers aged above 55 to 65 will be raised. The further increase in contribution rates will be fully allocated to the CPF Special Account or Retirement Account.

The change will take effect from 1 Jan 2025.

A 1-year CPF Transition Offset will be automatically provided to manage 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 contributions for every Singaporean and SPR worker employed within this age group.

CPF Contribution Rates for Senior Workers from 1 Jan 2025

Worker age (Years)	CPF Contribution Rates			CPF Transition Offset for 2025
	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

Others

Revise the Additional Buyer's Stamp Duty (ABSD) remission clawback rates for housing developers (HDs)

To ensure that the housing supply is released promptly while providing some flexibility for HDs to address the difficulties they may face in selling all units within the prescribed timelines, with effect from 16 Feb 2024, projects with at least 90% of units sold at the 5-year sale timeline will be subjected to a lower ABSD remission clawback rate, if the commencement and completion of works criteria are also fulfilled. This applies for projects where the residential land was acquired on or after 6 Jul 2018. The ABSD remission clawed back will be reduced by 1 percentage point to 10 percentage points, depending on the proportion of units sold at the 5-year mark.

Revise the Annual Value (AV) bands for owner-occupier residential Property Tax (PT) rates from 1 Jan 2025 (i.e., from 2025 PT bills)

In view of the sharp rise in AVs over the last 2 years, the AV bands of the owner-occupier residential PT rates will be adjusted as follows from 1 Jan 2025.

Adjusted AV bands

Marginal PT Rate	Portion of AV (From 1 Jan 2024 to 31 Dec 2024)	Portion of AV (From 1 Jan 2025 i.e., from 2025 PT bills)
0%	$0 to $8,000	$0 to $12,000
4%	>$8,000 to $30,000	>$12,000 to $40,000
6%	>$30,000 to $40,000	>$40,000 to $50,000
10%	>$40,000 to $55,000	>$50,000 to $75,000
14%	>$55,000 to $70,000	>$75,000 to $85,000
20%	>$70,000 to $85,000	>$85,000 to $100,000
26%	>$85,000 to $100,000	>$100,000 to $140,000
32%	>$100,000	>$140,000

Chai Sook Peng
Tax Partner

The revised property tax annual value bands for owner-occupied properties is good news to the majority of the public who are affected by the vast increases in AV. This is in line with the Government's commitment to provide cost-of-living support in this uncertain environment. However, given the uncertainties in the rental market that may impact the AV in the near term, it remains to be seen whether further fine-tuning will be made to the annual value bands.

Extend the Additional Buyer's Stamp Duty (ABSD) concession to single SC seniors

To better support single SC seniors who wish to right-size their residential property, the ABSD concession will be extended to single SC seniors aged 55 and above. For purchases on or after 16 Feb 2024, single SC seniors aged 55 and above can claim a refund of ABSD paid on the replacement private residential property if they meet the following conditions:

a. ABSD has been paid on the replacement residential property;

b. Each first residential property is solely owned by a single SC aged 55 and above, or co-owned with single SCs aged 55 and above who are immediate family members (immediate family members refer to one's parent, child or sibling);

c. The owners of each first residential property need to be the owners of the replacement residential property. Any additional owners purchasing the replacement residential property with the owners of each first residential property must also be single SCs aged 55 and above who are immediate family members. There should be no change of ownership in the replacement residential property at the time of the sale of each first residential property;

d. The buyer(s) do not own more than one residential property each at the point of purchasing the replacement residential property, and have not purchased or acquired any other residential property since the purchase of the replacement residential property;

e. The value of the replacement residential property is less than the value of each of the first residential property(ies) sold (the value refers to the higher of the purchase price or market value of the residential property purchased/ sold. The value of the replacement residential property is that as at the date of purchase of the replacement residential property, while the value of the first residential property is that as at the date of sale of the first residential property);

f. The buyer(s) dispose the first residential property(ies) (whether co-owned or separately owned) within 6 months after the date of purchase of a completed residential property, or the issue date of the Temporary Occupation Permit (TOP) or Certificate of Statutory Completion (CSC) of an uncompleted residential property, whichever is earlier; and

g. The application for the refund of ABSD is made within 6 months after the date of sale of the first residential property(ies).

Wong Meng Yew
Global Trade Advisory Leader

Musings

Given the relatively healthy fiscal position and the current inflationary pressures, it has not come as a surprise that there were no increases in the customs, excise, motor vehicle related duties, and taxes in this year's budget. The estimated FY 2024 revenue collections from customs, excise, carbon taxes (CECT), motor vehicle taxes and premiums are $470 million higher than FY 2023, and we expect this amount to increase in the following years given the progressive increase in carbon tax rates from $5 to $25 per tonne of greenhouse gas emissions w.e.f. 1 Jan 2024, and subsequently $45 in 2026 (and thereafter between $50 and $80 by 2030). This sets the stage for additional revenue collection for taxes under the CECT category in years to come.

Enhance the Progressive Wage Credit Scheme (PWCS)

To strengthen support for employers in uplifting lower-wage employees, the PWCS co-funding support will be enhanced for wage increases given in qualifying year 2024 (see Table 1). The enhanced co-funding support will also apply to wage increases given in qualifying year 2023 that are sustained in 2024.

The gross monthly wage ceiling for PWCS co-funding will be increased from $2,500 to $3,000 in qualifying years 2025 and 2026 (see Table 2).

Table 1: Increase in co-funding levels for PWCS

Qualifying year	Payout period	Current - First Tier (Gross Monthly Wage Ceiling ≤ $2,500)	Current - Second Tier (Gross Monthly Wage Ceiling > $2,500 and ≤ $3,000)	Enhanced - First Tier (Gross Monthly Wage Ceiling ≤ $2,500)	Enhanced - Second Tier (Gross Monthly Wage Ceiling > $2,500 and ≤ $3,000)
2022	Q1 2023	75%	45%[3]	75%	45%
2023	Q1 2024	75%	45%[4]	75%	45%
2024	Q1 2025	30%	15%	50%	30%

Notes:

[3] Enhanced in Jun 2022's support package, from 50% to 75% for the First Tier, and from 30% to 45% for the Second Tier.

[4] Enhanced in Budget 2023, from 50% to 75% for the First Tier, and from 30% to 45% for the Second Tier.

Table 2: Increase in gross monthly wage ceiling for PWCS co-funding

Qualifying year	Payout period	Single Tier (Gross Monthly Wage Ceiling ≤ $2,500)	Single Tier (Gross Monthly Wage Ceiling ≤ $3,000)
2025	Q1 2026	30%	30%
2026	Q1 2027	15%	15%

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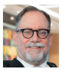	Mike Barbosa	+65 6800 2053	micbarbosa@deloitte.com

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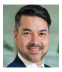	Jun Takahara (SEA Financial Services T&L Leader)	Financial Services
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