

# Singapore Budget 2021



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# Agenda



# AGENDA

- Economic snapshot - Singapore
- Support for businesses and workers
  - Extension of the Jobs Support Scheme
  - Improving workers skills
- Industry transformation Map
- Tax measures
- Questions

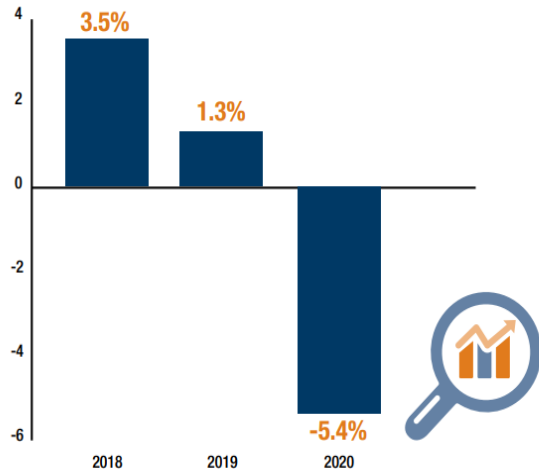


# Economic Snapshot: Singapore



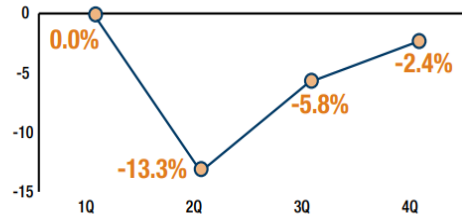
# COVID-19: The biggest recession since 1929

## REAL GDP DECLINED BY 5.4% IN 2020

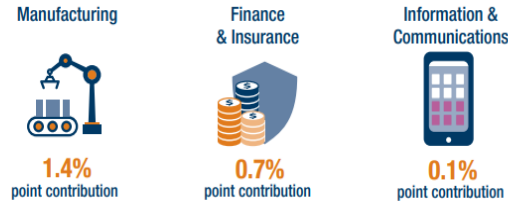


## QUARTERLY GDP GROWTH IN 2020

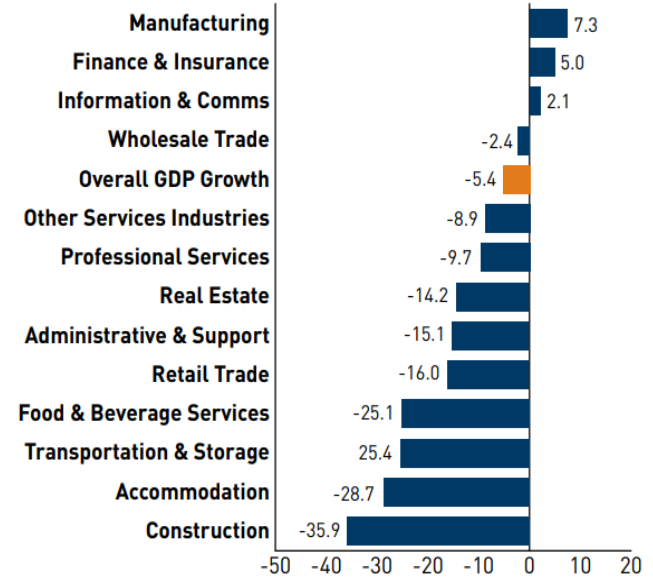
(Year-On-Year Growth)



## MAIN DRIVERS OF GDP GROWTH IN 2020



## Exhibit 1.2: GDP and Sectoral Growth Rates in 2020



# Economic Outlook in 2021

- Gradual recovery through 2021. MTI is predicting a 4 - 6% growth. However, GDP is expected to come back to pre pandemic levels by the end of 2021
- Different sectors will recover at different speeds
- Travel related services will take longer to recover, while IT, Finance and Manufacturing will steadily grow
- Consumer services will also growth thanks to better market labour conditions
- In the long term, Singapore is strongly investing in enhancing its position as a main hub in SEA





# COVID-19: Resilience Package

## Public Help and safe reopening

- 4.8 M for Public Health re-opening

## Support for Business and workers

- Extension of the Jobs Support Scheme
- Continuation of SG United and Skills Package
- Continued credit access via Temporary Bridge Loan
- COVID-19 Recovery Grant for self employed and workers

## Support for Specific Sectors

- 870 M for the Aviation Sectors
- Driver Relief Fund
- Arts & Culture Resilience Package and Sports Resilience Package



**11 Bn  
SGD**

# Support for Business & Workers



# Extension of the Jobs Support Scheme

Tier 1 sectors such as aviation, aerospace, and tourism



- Extended by six months:
  - Firms will receive 30% support for wages paid from April to June 2021
  - Firms will receive 10% support for wages paid from July to September 2021

Tier 2 sectors such as retail, arts & culture, food services



- Extended by three months:
  - Firms will receive 10% support for wages paid from April to June 2021

Tier 3A sectors, which covers employers in all other sectors:



- Extended to March 2021

# Wage Credit Scheme

The Scheme was extended by one year to 2021 with the Government co-funding ratio at 15% and the qualify gross wage ceiling at S\$5,000.

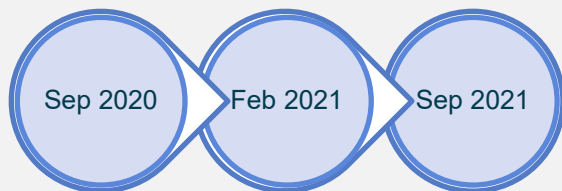
Gross monthly wage increases (at least 50%) previously given in 2019 and 2020 by the same employer will continue to be co-funded if they are sustained in 2020 and in 2021

# Jobs Growth Incentive Scheme



**For all new local hires the JGI qualifying window will be extended by 7 months**

- For local hires below 40 years old: 25% on first S\$5,000 of gross monthly wages for up to 12 months



- **For local hires aged 40 and above, people with disabilities and ex-offenders:**
  - Extend duration of wage support by up to 6 months to a maximum of 18 months
  - Increase supportable gross monthly wage cap to first S\$6,000, up from S\$5,000 effective March 2021 and onwards

# Industry Transformation Map



# Industry Transformation Map



**Grow a vibrant business community**



**Catalyse a wide range of capital**



**Create opportunities and redesign jobs**



# 1 Growing a Vibrant Business Community

## Restoring physical connectivity and transforming the aviation sector

- Singapore will restore Changi airport's connectivity and invest in on-arrival testing and biosafety systems to verify the authenticity of digital COVID-19 test result certificates and vaccination records
- **Connect@Changi** will allow business travelers to stay and conduct meetings without the need to serve quarantine on arrival

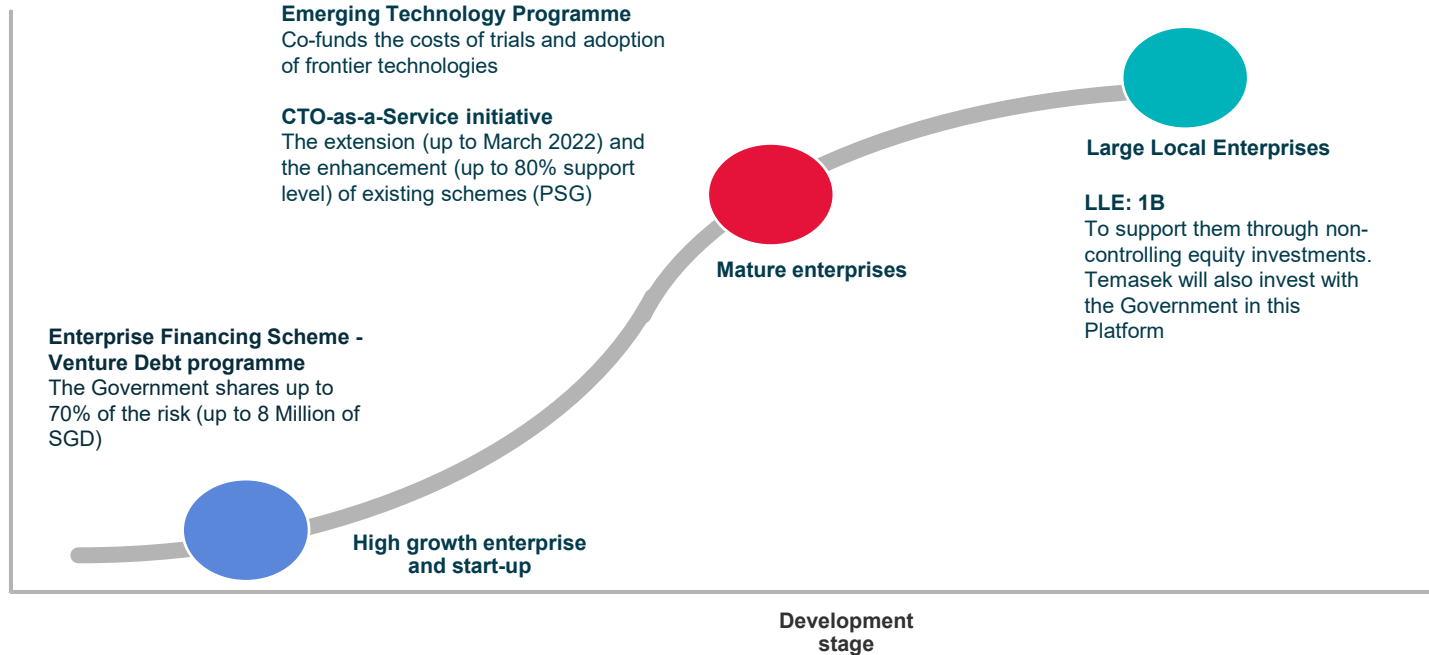
## Creating platforms for nurturing creative Ideas

- **Corporate Venture launchpad:**
  - Co-funding for corporates to build new ventures through pre-qualified venture studios to rekindle a start-up mindset within their organizations
- **Open Innovation Platforms:**
  - Facilitates the matching of problems faced by firms and public agencies with solution providers
- **Global Innovation Alliance:**
  - Catalyse cross-border partnerships between Singapore and major innovation hubs globally



## 2 Catalyse a Wide Range of Capital

The Government will step up risk-sharing arrangements with providers of capital, and provide grants, to support businesses at various stages of growth:



### 3 Creating Opportunities and Redesigning Jobs

#### **SGUnited Traineeships (SGUT)**

1. Extended for 1 year until 31 March 2022
2. Increase in salary from 1 April 2021:
  - a) From S\$1,100 – S\$1,500 to S\$1,600 – S\$1,800 for ITE SGUT positions; and
  - b) From S\$1,300 – S\$1,800 to S\$1,700 – S\$2,100 for diploma SGUT positions
3. From 1 April 2021, maximum duration of each traineeship is reduced from 9 to 6 months

#### **SGUnited Mid-Career Pathways Programme – Company Attachment (SGUP-CA)**

1. Extended for 1 year until 31 March 2022
2. For trainees aged 40 and above, maximum training allowance is increased up to S\$3,800 per month
3. For trainees aged below 40, minimum training allowance is increased to S\$1,600 per month
4. Government co-funding for trainees aged 40 and above is increased to 90%
5. From 1 April 2021, maximum duration of each traineeship is reduced from 9 to 6 months

#### **SGUnited Mid-Career Pathways Programme – Company Training (SGUP-CT)**

1. Extended for 1 year until 31 March 2022
2. Capacity of in-demand courses and courses with good hiring opportunities is expanded
3. From 1 April 2021, SGUP-CT courses will have a duration of up to 6 months

#### **SGUnited Skills (SGUS)**

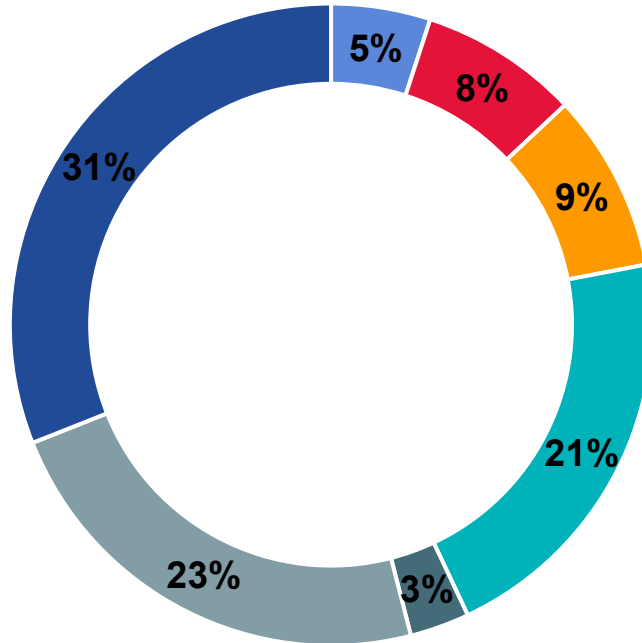
1. Extended for 1 year until 31 March 2022
2. Capacity of in-demand courses and courses with good hiring opportunities is increased
3. From 1 April 2021, SGUS courses will have a duration of up to 6 months

# Taxation & Incentives



# Singapore's Tax Revenue

Singapore Tax Revenue by %



- Betting Taxes (\$2.6 B)
- Stamp Duty (\$4.2 B)
- Property Tax (\$4.8 B)
- GST (\$11.2 B)
- Withholding Tax (\$1.6 B)
- Individual Income Tax (\$12.4 B)
- Corporate Income Tax (\$16.7 B)

# Corporate Tax

A company is taxed at a flat rate of 17% on its chargeable income regardless of whether it is a local or foreign company.

## Tax Exemption Scheme for New Start-Up Companies

Under the scheme, qualifying new companies are given the following tax exemption for the first three consecutive YAs where the YA falls in:

### YA 2020 onwards

- 75% exemption on the first \$100,000 of normal chargeable income; and
- A further 50% exemption on the next \$100,000 of normal chargeable income.

<b>Chargeable Income</b>	<b>% Exempted from Tax</b>	<b>Amount Exempted from Tax</b>
First \$100,000	75%	\$75,000
Next \$100,000	50%	\$50,000

# Corporate Tax

## Partial Tax Exemption for all companies

All companies including companies limited by guarantee can enjoy the following tax exemption:

### YA 2020 onwards

- 75% exemption on the first \$10,000 of normal chargeable income; and
- A further 50% exemption on the next \$190,000 of normal chargeable income.

<b>Chargeable Income</b>	<b>% Exempted from Tax</b>	<b>Amount Exempted from Tax</b>
First \$10,000	@75%	= \$7,500
Next \$190,000	@50%	= \$95,000

# Extending Budget 2020 Temporary Tax measures to Support Businesses

## Enhanced Carry Back Relief Scheme Capped at S\$100K

- Taxpayers may carry back current year un-absorbed capital allowances and trade losses capped at \$100k, for deduction against assessable income of up to three years (as opposed to one) immediate proceedings YAs, subject to conditions

## Options to accelerate CA Claims

- Taxpayers who incurred capital and expenditure on plant and machinery have an option to claim accelerated capital allowances of two years (75% in YA 2021 and 25% in YA 2022) with no deferment of claims

## Option to accelerate renovation & refurbishment (R&R) deduction

- Taxpayers who incurred qualifying R&R expenditure have an option to claim R&R deduction over one YA (instead of three YAs). The cap of S\$300K for every relevant three-year period continues to apply.

# GST Changes

## Extension of GST to:

- Goods imported via air or post that are valued up to the current GST import relief threshold of S\$400 (“**low-value goods**”)
- Business-to-consumer (“B2C”) imported non-digital services, through the extension of the Overseas Vendor Registration and reverse charge regimes

## GST on media services:

- If the customer is located outside Singapore and the direct beneficiary is located outside Singapore or is GST-registered, the media sales will be zero-rated;
- If the customer is located in Singapore, the media sales will be standard-rated

## GST Increase

- GST rate remains at 7% in 2021 but may increase some time between 2022 to 2025



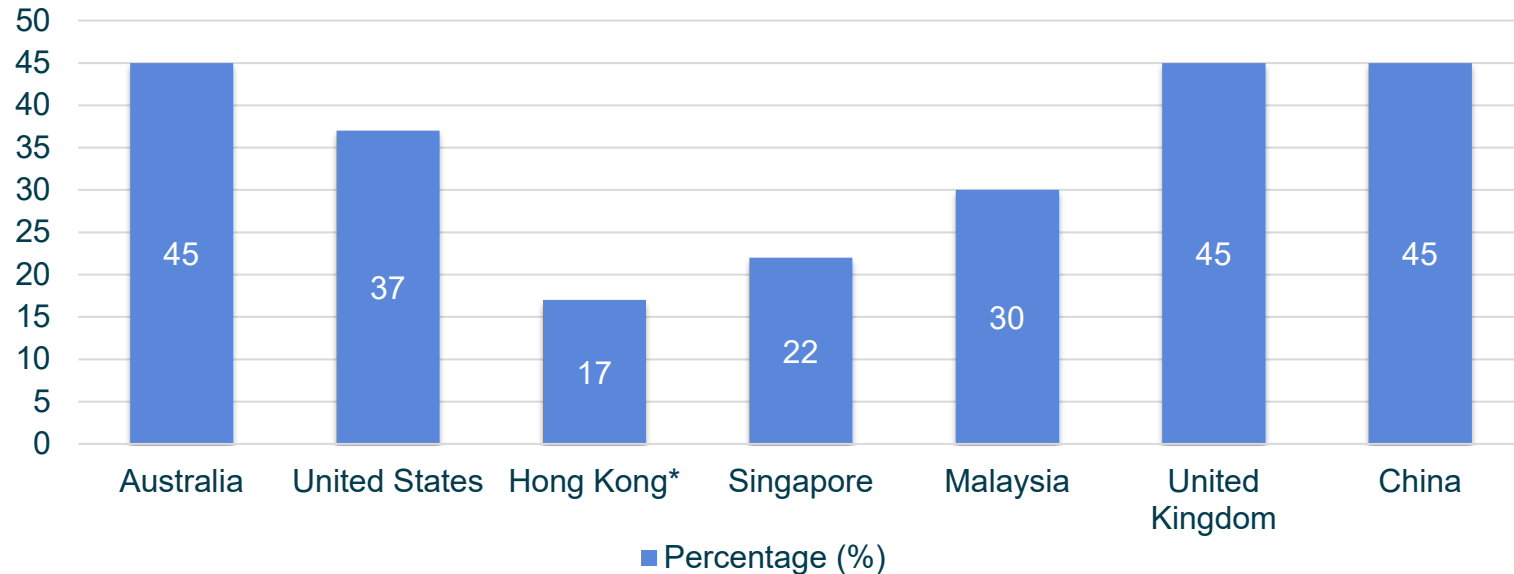
# Personal Income Tax

No changes in personal income tax rates and reliefs, and no personal rebates

	Chargeable Income	Income Tax Rate (%)	Gross Tax Payable (\$)
	\$	(%)	\$
First \$20,000	20,000	0	0
Next \$10,000	10,000	2	200
First \$30,000	30,000	-	200
Next \$10,000	10,000	3.5	350
First \$40,000	40,000	-	550
Next \$40,000	40,000	7.0	2,800
First \$80,000	80,000	-	3,350
Next \$40,000	40,000	11.5	4,600
First \$120,000	120,000	-	7,950
Next \$40,000	40,000	15	6,000
First \$160,000	160,000	-	13,950
Next \$40,000	40,000	18	7,200
First \$200,000	200,000	-	21,150
Next \$40,000	40,000	19	7,600
First \$240,000	240,000	-	28,750
Next \$40,000	40,000	19.5	7,800
First \$280,000	280,000	-	36,550
Next \$40,000	40,000	20	8,000
First \$320,000	320,000	-	44,550
In excess of \$320,000	320,000	22	

# How does Singapore compare to top marginal tax rates?

Comparison of personal income tax rate with other major countries



# In summary...

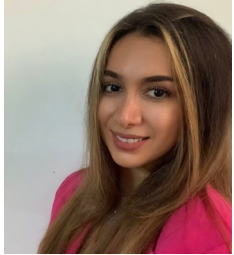
- The Budget 2021 is aiming to balance short term and long-term economic objectives of Singapore
- 24Bn SGD to fund the Industry transformation Map
- Move toward non-related tax support and targeted sectoral support
- Accelerating effort to upgrade skills and talent
- Increasing attention to green transitioning
- Household support package to help people who have lost their jobs



# Questions



# Contact us



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