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SINGAPORE NEWS FLASH

THINKING GLOBALLY

Issue

February 2019

Latest News on law, tax and business in Singapore

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→ SINGAPORE'S BUDGET 2019

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- Writing Down Allowance ("WDA") extended
- Not Ordinary Resident ("NOR") Scheme will lapse in YA 2020
- Bicentennial Bonus for resident individual tax payers
- GST allowance for travelers and duty-free purchases tightened
- Foreign Worker Quota in the service sector reduced
- Diesel Tax doubled
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→ SINGAPORE'S BUDGET 2019

On 18 February 2019, Finance Minister, Heng Swee Keat, presented the Singapore's Budget 2019. Below are highlights on some of the major Budget announcements.

INVESTMENT ALLOWANCE ("IA") UNDER THE AUTOMATION SUPPORT PACKAGE ("ASP") EXTENDED

The ASP has been introduced in the Budget 2016 to support companies to automate, drive productivity and scale up. It includes a 100 per cent IA support on the amount of approved capital expenditure, net of grants, on projects approved by Enterprise Singapore during 1 April 2016 to 31 March 2019. The approved capital expenditure is capped at SGD 10 million per project. The IA will be extended by two more years.

WRITING DOWN ALLOWANCE ("WDA") EXTENDED

In order to improve Singapore's attractiveness as a location for holding and commercializing Intellectual Property Rights ("IPR"), the WDA for the acquisition of qualifying IPR has been extended to Year of Assessment ("YA") 2025. WDA on the capital expenditure incurred in this regards can be written down over 5, 10 or 15 years. Qualifying IPR are among others patents, trademarks, registered designs, copyrights and geographical indications.

NOT ORDINARY RESIDENT ("NOR") SCHEME

The NOR scheme will lapse after the YA 2020. Since its introduction in 2002, an eligible individual was able to apply to certain tax concessions under the NOR scheme. Individuals who meet the qualifying criteria and who have applied the NOR status will continue to benefit from the NOR tax concessions until their NOR status expires.

BICENTENNIAL BONUS

Resident individual tax payers will enjoy a personal income tax rebate of 50 per cent of tax payable for the YA 2019. The rebate will be capped at SGD 200 per taxpayer.

GST ALLOWANCE FOR TRAVELERS AND DUTY-FREE PURCHASES

Travelers (excluding, among others, work pass holders and dependent pass holders) entering Singapore face a revised quantum of GST import relief. The quantum will be lowered from SGD 150 to SGD 100 for those spending less than 48 hours outside of Singapore and from SGD 600 to SGD 500 for those who spend at least 48 hours outside of Singapore.

From April 1st, 2019, a tighter duty-free allowance for liquor products will apply. Currently, a duty-free allowance of 3 liters for liquor applies. It will be reduced to 2 liters of liquor.

FOREIGN WORKER QUOTA

By 2021, the foreign worker quota in the services sector will be cut to 35 per cent. The foreign worker quota is the permitted ratio of foreign workers to the total workforce of a company. This measure intends to ensure that Singaporeans continue to have good job opportunities. The reduction of the foreign worker quota in the service sector will come in two steps: from 40 per cent to 38 per cent in 2020 and then to 35 per cent in 2021.

DIESEL TAX

The budget increase the excise duty on diesel fuel from SGD 0.10 per litre to SGD 0.20 per litre with immediate effect. The annual special tax on diesel cars will be permanently reduced by SGD 100.

ANNOUNCEMENTS IN PREVIOUS BUDGETS (2017 AND 2018) WITH EFFECT IN THE COMING YEARS

As announced in Singapore's Budget 2018, businesses should be prepared for the upcoming changes in the GST landscape of Singapore:

- GST on imported digital services from 2020;
- Reverse charge regime for B2B supply of imported services; and
- GST increase from 7 per cent to 9 per cent between 2021 and 2025.

The carbon tax implementation, which have been announced in Singapore's Budget 2017 will come into operation in 2019. The carbon tax of SGD 5 per tonne of greenhouse gas emission applies from 2019 to 2023.

CONTACT FOR FURTHER INFORMATION



Dr. Paul Weingarten
Partner
T +65 6238 6770
paul.weingarten@roedl.com

Imprint

Singapore News Flash, Issue February 2019

Publisher:
Roedl & Partner Singapore Pte. Ltd.
1 Scotts Road, #21-10 Shaw Centre
Singapore 228208
Tel.: +65 6238 6770 | Fax: +65 6238 6630
www.roedl.com/singapore

Responsible for the content:
Dr. Paul Weingarten – paul.weingarten@roedl.com

Layout:
Dr. Paul Weingarten – paul.weingarten@roedl.com

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