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Singapore News Flash

Latest News on law, tax and business in Singapore

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> SINGAPORE'S BUDGET 2018

On 19th February 2018, Finance Minister, Heng Swee Keat, presented Singapore's Budget 2018. Below are some highlights on some of the major Budget announcements.

> Goods and Services Tax

In order to pay for increased healthcare, infrastructure, security and education spending, the Government plans to raise the Goods & Services Tax ("**GST**") by 2 %, from 7 % to 9 %, sometime in the period from 2021 to 2025.

As of 1st January 2020, the Government will introduce GST on imported services. Services such as consultancy and marketing purchased from overseas will be subject to GST and local consumers will have to pay GST when downloading apps and music from overseas. Such change is to ensure that imported and local services are treated the same way.

> Buyer's Stamp Duty

As of 20th February 2018, the Government raises the top marginal Buyer's Stamp Duty ("**BSD**") rate for residential properties from 3 % to 4 %. The new top marginal rate of 4 % will apply to the portion of residential property value which is in excess of SGD 1 million. As such, the BSD rates for residential properties will range between 1 % to 4 %. The BSD rates for non-residential properties will remain unchanged (1 % to 3 %).

> Carbon Tax

The Government will implement a carbon tax on all facilities producing 25,000 tonnes or more of greenhouse gas emissions in a year from 2019 onwards. It will apply uniformly to all sectors. The carbon tax will be SGD 5 per tonne of greenhouse gas emissions in the first instance from 2019 to 2023. The carbon tax rate will then be reviewed.

> Wage Credit Scheme

The Government will extend the Wage Credit Scheme ("**WCS**") for 3 more years. The WCS is a programme that subsidises wage increases to help businesses cope with salary increases. The WCS co-funds wage increases for Singaporean employees, up to a monthly salary of SGD 4,000. The WCS will provide 20 % co-funding for 2018, 15 % for 2019, and 10 % for 2020.

> Corporate Income Tax Rebate

The Government will enhance and extend the Corporate Income Tax ("**CIT**") rebate. For Year of Assessment 2018, the CIT rebate will be raised to 40 % of tax payable, capped at SGD 15,000. The CIT rebate will be extended to Year of Assessment 2019, at a rate of 20 % of tax payable, capped at SGD 10,000.

> Start-up Tax Exemption and Partial Tax Exemption

Starting in Year of Assessment 2020, the Government will restrict the tax exemptions under both schemes to the first SGD 200,000 of chargeable income (instead of SGD 300,000 currently). Further, for start-ups, the Government will exempt 75 % (instead of 100 % currently) of their first SGD 100,000 of chargeable income from corporate tax.

> Tax Deductions

The Government will raise the tax deduction:

- (a) on licensing payments for the commercial use of intellectual property (“IP”) to from 100 % to 200 %, capped at SGD 100,000 of licensing payments per year;
- (b) for IP registration fees from 100% to 200 %, capped at SGD 100,000 of IP registration fees per year; and

- (c) for qualifying expenses incurred on Research & Development done in Singapore from 150 % to 250 %.

or where it is necessary to accurately establish and verify the identity of the individual (e.g. entering into high value contracts such as property transactions, and applications for healthcare or travel insurance).

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Rödl & Partner

"The great artistry of the human towers lies in its variety. Our towers thus always differ by height, width and shape. The foundation however, remains unchanged, acting as a reliable, unyielding and open advocate of change."

Castellers de Barcelona



"Each and every person counts" – to the Castellers and to us.

Human towers symbolise in a unique way the Rödl & Partner corporate culture. They personify our philosophy of solidarity, balance, courage and team spirit. They stand for the growth that is based on own resources, the growth which has made Rödl & Partner the company we are today.

"Força, Equilibri, Valor i Seny" (strength, equilibrium, valour and common sense) is the Catalan motto of all Castellers, describing their fundamental values very accurately. It is to our liking and also reflects our mentality. Therefore Rödl & Partner embarked on a collaborative journey with the representatives of this long-standing tradition of human towers – Castellers de Barcelona – in May 2011. The association from Barcelona stands, among many other things, for this intangible cultural heritage.

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