

Thinking globally

Singapore News Flash

Latest News on law, tax and business in Singapore

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Budget 2017 – What is in for your business?

In his Budget Speech held in Parliament on the 20th February 2017, Singapore's Finance Minister Mr. Heng Swee Keat introduced the Budget 2017 under the slogan "Moving Forward Together". Mr. Heng emphasized that the presented Budget focusses on Singapore's economic and social transitions but also takes into account the recent changes in global politics mentioning the Brexit and the elections in the USA.

In the following, we want to highlight a few changes which might affect your business operations in Singapore:

TAX

Corporate Income Tax Rebate

The Budget 2017 addresses a Corporate Income Tax (CIT) Rebate provided to all companies. In the Year of Assessment (YA) 2017 the CIT Rebate cap will be increased from SGD 20,000 to SGD 25,000. The rebate percentage will remain unchanged at 50% of the corporate tax payable. The CIT rebate will be extended to the YA 2018 at a reduced rate of 20% of the corporate tax payable, subject to a cap of SGD 10,000.

Personal Income Tax Rebate

The Budget provides a rebate in regards to the Personal Income Tax (PIT). The PIT Rebate will be 20% of tax payable, capped at \$500, for tax residents for YA 2017.

EMPLOYMENT

Deferring Foreign Worker Levy increase

The Foreign Worker Levy increase in the Marine and Process sector will be deferred by one more year in order to support employers in these sectors.

Extension of Additional Special Employment Credit

The Budget aims to support business when hiring older employees under Additional Special Employment Credit. Under this scheme, employers shall receive wage offsets of up to 3% for employees who earn under SGD 4,000 per month, and who are not covered by the new re-employment age of 67 years. In connection with the Special Employment Credit, employers might receive support of up to 11% for the salary of the respective older employee.

IP/R&D

Intellectual Property Development Incentive (IDI)

This scheme shall encourage the exploitation of Intellectual Property (IP) arising from R&D and its commercialization. Under the IDI, IP income will be taxed at a rate lower than the normal income tax rate of 17 per cent. The scheme, which complies with the anti-Base Erosion and Profit Shifting, will be effective on 1 July 2017 and will be administered by the Economic Development Board Singapore. Further information will be available in Mai 2017.

Safe harbor rules for Cost Sharing Agreements (CSA) for Research & Development (R&D)

In order to ease compliance, the Budget 2017 introduced a safe harbor rule for tax deduction of R&D CSA payments conducted on and after 21 February 2017. This will allow taxpayers to claim tax deduction for 75% of payments made under a R&D CSA for respective R&D projects instead of being required to assess the cost breakdown covered by the CSA payments and to exclude any disallowed expenditures. Further information will be published by the Inland Revenue Authority of Singapore by May 2017

ENVIRONMENTWater Price Change

Starting from the 1 July 2017, the price of water will increase by 30% in two phases. This measurement aims to encourage water conservation and sustain water supply. Furthermore, there will be a 10% Water Conservation Tax on NEWater tariff.

Restructuring Diesel Tax

In order to reduce diesel consumption, the Budget 2017 announced a SGD 0.10 per liter volume-based duty on automotive diesel, industrial diesel and diesel components in bio diesel. The lump sum Special Tax will be reduced for diesel cars and taxis by SGD 100 and SGD 850 respectively

FURTHER AMENDMENTS

The Budget also intends to enhance the Global Trader Programme in regards to the counterparties and exclusion of physical trading income from certain transactions. The current Integrated Investment Allowance Scheme will be extended to the end of 2022. The Budget 2017 also addresses new programmes such as the SME Go-Digital Programme to support SME improving their digital capabilities.

For more information please contact:**Dr. Paul Weingarten**

Phone.: + 65 6238 6770

E-Mail: paul.weingarten@roedl.pro

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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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1 Scotts Road, #21-10 Shaw Centre
Singapore 228208
Tel.: +65 6238 6770 | Fax: +65 6238 6630
www.roedl.com

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

Layout: **Dr. Paul Weingarten** – paul.weingarten@roedl.pro

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