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## SINGAPORE NEWSFLASH

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Budget Issue

March 2020

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## → Singapore Resilience Budget 2020

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The current COVID-19 health crisis is not only a challenge for public healthcare systems, but has a significant impact on the global economy. In Singapore, the official growth forecast for 2020 has been revised and is now expected to be between -4 per cent and -1 per cent. The situation has required the Government of Singapore to introduce a Supplementary Budget 2020, also called the Resilience Budget, to the Parliament. The presentation of the Resilience Budget has been held by Singapore's Deputy Prime Minister Heng Swee Keat on 26 March 2020.

On top of the already announced support to mitigate the impact of the COVID-19 in the amount of SGD 6.4 billion as addressed in the Budget 2020 presented a few weeks ago, the new Resilience Budget rolls out an additional support of around SGD 48 billion. The support in the total amount of nearly SGD 55 billion requires Singapore to draw from the country's past reserves.

In the following, we would like to highlight a few measures which might be relevant to our clients:

### REVISED JOBS SUPPORT SCHEME

The previously announced Jobs Support Scheme (JSS), which shall assist enterprises in retaining local employees (i.e. Singapore Citizens and Singapore Permanent Residents), will be revised. The temporary scheme will now be extended from initially 3 (Oct 2019 – Dec 2019) to 9 months until the end of 2020. Instead of offsetting 8 per cent of the wages of every local employee, up to a monthly wage of SGD 3,600, the government will now offset 25 per cent on the first SGD 4,600 of monthly salaries. Employers do not need to apply for the JSS.

### REVISED WAGE CREDIT SCHEME

The Wage Credit Scheme (WCS) is a government grant that co-funds wage increases for Singaporean employees who earn a monthly wage of up to SGD 4,000. The WCS has been introduced in 2013 and extended in 2015 and 2018. In the Budget 2020, the Government has announced that it will increase the monthly wage ceiling from SGD 4,000 to SGD 5,000 for qualifying wage increases given in 2019 and 2020. Furthermore, it has raised its co-funding levels for 2019 and 2020 qualifying wage increases by 5 per cent to 20 per cent and

15 per cent respectively. In the Resilience Budget, the Government will add additional SGD 500 million for employees on top of the SGD 600 million disbursed in March 2020. The further WCS pay-out in June 2020 will comprise the additional wage credits based on the Resilience Budget.

### AUTOMATIC DEFERMENT OF CORPORATE INCOME TAX PAYMENTS

Companies with Corporate Income Tax payments due in April, May and June 2020 will be granted an automatic three-month deferment of these payments. No application is required. The collection of these deferred payments will be in July, August and September 2020 respectively. The Inland Revenue Authority of Singapore (IRAS) has announced that companies will receive a letter by 15 April 2020. Companies with GIRO payment can assess their revised payment plans online. Companies which do not conduct GIRO payments (i.e. those which have to make a one-time payment) can use an online calculator tool on the website of IRAS to check their extended payment due dates.

### FREEZE OF ALL GOVERNMENT FEES AND CHARGES

The Resilient Budget will include a freeze of all Government fees and charges for governmental services for one year, commencing from April 2020 to the end of March 2021.

### ENHANCED PROPERTY TAX REBATE FOR 2020

A property tax rebate to non-residential properties for the period from 1 January 2020 to 31 December 2020, which had already been announced in the Budget 2020, will be enhanced. Certain commercial properties which have been heavily affected by the COVID-19 outbreak such as hotels or restaurants will receive a 100 per cent rebate. For offices and industrial properties there will be a 30 per cent rebate on the property tax payable. IRAS will notify on the rebates by 31 May 2020 and property owners may expect to receive their refund by 30 June 2020. In his speech, Deputy Prime Minister Heng Swee Keat urged landlords to pass the tax savings to their tenants by reducing the rents.

## ENTERPRISE FINANCING SCHEME

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The Enterprise Financing Scheme (EFS), an umbrella financing scheme under the Enterprise Singapore will be amended. The maximum loan quantum of EFS-Trade Loan will increase from SGD 5 million to SGD 10 million and the Government's risk sharing will raise to 80 per cent. Furthermore, the maximum loan quantum of EFS-SME Working Capital Loan will increase from SGD 0.6 million to SGD 1 million. Only companies which fulfil specific criteria, such as 30 per cent local equity (shares) held by Singaporeans or Permanent Residents, might qualify for the EFS.

## SECTOR-BASED SUPPORT

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The Resilient Budget also contains specific support for badly affected sectors. In particular, it offers i.e. a further enhanced Job Support Scheme for the aviation and tourism sector. Other sectors, such as the land transport as well as the arts and cultural sector will be supported.

## NEXT STEPS

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The Resilience Budget will now be discussed in Parliament. Once it has passed it will be presented to the President for her assent. She has already given her in-principle support.

## COMPLEMENTARY MEASURES CONCERNING LEGAL OBLIGATIONS

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Complementary to the introduced budget measures, the Minister of Law will present further measures concerning legal obligations which cannot be performed due to COVID-19 at the next Parliamentary sitting. Deputy Prime Minister Heng Swee Keat mentioned the example of people who have paid deposits for gatherings which cannot take place due to COVID-19. It remains to be seen if these new legal measures will also apply to legal obligations under commercial agreements which cannot be performed due to COVID-19.

## CONTACT FOR MORE INFORMATION

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## Imprint

Singapore News Flash,  
Budget Issue March 2020

Publisher:  
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