

Singapore Budget 2015

Building Our Future, Strengthening Social Security

Overview

On 23 February 2015, the Minister for Finance presented the “Jubilee Budget” to mark Singapore’s 50th year of independence, which focuses on Singapore’s drive towards building the future and to strengthen social fabric. More importantly for businesses, the Budget pledges support for companies to build innovative capabilities and to better orientate themselves globally. This encourages more businesses to strive for bolder ventures locally and overseas.

To continue helping businesses cope with rising business costs locally, the Wage Credit Scheme and Corporate Income Tax rebate will be extended for two additional years to YA2017. The Budget also provides enhanced support for companies expanding overseas, and recognises that technological advancements will enable more SMEs to compete against larger players.

The 2015 Budget has identified key growth clusters of the future, and this is now supported by a comprehensive “SkillsFuture” initiative which is an effort to encourage individuals to enhance their skill-sets and capabilities and realise their full potential. The Government has set aside S\$1 billion per year for the next five years, and will partner companies, industry associations and learning institutes to enable individuals to develop themselves through this SkillsFuture initiative.

With regards to social infrastructure, the government has strengthened retirement adequacy with several measures, which include changes to the CPF system and the introduction of a Silver Support scheme. The personal income tax rate for top tier individuals, which has been relative static, was raised to 22% to help meet increased expenditure in social spending and major infrastructure development projects.

The vision brought about by the Singapore Budget 2015 revolves around the internationalisation of Singapore businesses, as well as increased innovation and skills development. We can all contribute to this vision for our future. We hope you will find this publication useful in understanding the measures and initiatives in this Budget.

If you need any clarification or advice, please contact your usual business advisors at Boardroom.

Budget 2015

Key Initiatives

Helping businesses to cope with rising costs, and promoting the innovation and internalisation of businesses

1. *Helping businesses adjust to rising costs*

- *Transition Support Package (Wage Credit Scheme, corporate income tax rebate and PIC Bonus) will be extended to 2017 to give businesses time to adjust to rising costs.*
- *Temporary Employment Credit (TEC), which offsets employers' CPF contributions, will be enhanced by:*
 - *Raising the TEC from 0.5% to 1% of wages in 2015.*
 - *Extending the TEC by two years (1% of wages in 2016; and 0.5% of wages in 2017).*

2. *More support for innovation and R&D*

- *Simplified application process for the Capability Development Grant below S\$30,000 and extend enhanced support of 70% to all qualifying projects, for 3 years.*

3. *Promoting Internationalisation*

- *Higher support of 70% for SMEs for all activities under IE Singapore's grant schemes¹ for 3 years.*
- *Extend double tax deduction for internationalisation scheme to cover salaries for Singaporeans posted to new overseas entities.*
- *International growth scheme: 10 per cent concessionary tax rate for income from internationalisation activities such as HQ functions and specific business lines.*

4. *Slower pace of foreign worker tightening*

- *This year's round of announced levy hikes for S-pass and work permit holders in every sector will be deferred. Further adjustments will be made to levies on foreign workers hired by the manufacturing and construction sectors.*

¹ These are the Global Company Partnership (GCP), and the Market Readiness Assistance (MRA) grants. The current support level for both these schemes is up to 50%, except for four activities – Design, Branding, Intellectual Property, and Mergers and Acquisitions – which are supported at 70% from 1 Apr 2012 to 31 Mar 2015.

Developing our people

1. A new SkillsFuture Credit account for Singaporeans to tap on for work-skills related courses. This will have an initial credit of S\$500, for all Singaporeans those aged 25 and above, with regular top-ups expected in future.
2. A new SkillsFuture Earn and Learn Programme to match polytechnic and ITE graduates with employers for on-the-job training and mentorship, and provide funding support for both trainees and employers.
3. For mid-career Singaporeans, higher education and training subsidies of at least 90 per cent for MOE and WDA courses, for those aged 40 and above.
4. Deepening skills and encouraging mastery with SkillsFuture Study Awards, SkillsFuture Fellowships and the SkillsFuture Leadership Development Initiative.
5. Stronger industry collaboration that will involve training institutions, unions, trade associations and employers. Government will develop sectoral manpower plans with the industry and form a pool of SkillsFuture Mentors to boost SMEs training capabilities.

Assurance in retirement and support for middle-income families

1. **Enhanced CPF savings**
 - -CPF salary ceiling raised to S\$6,000 from 2016
 - Supplementary Retirement Scheme contribution cap raised to \$15,300
 - CPF contribution rates for older workers raised
 - Additional 1% interest on first S\$30,000 of CPF balances, on top of existing 1 per cent extra interest on first S\$60,000 of balances
2. **Higher special employment credit for workers aged 65 and above, to support re-employment beyond 65.**
3. **Silver Support Scheme for elderly Singaporeans**

- Income supplement for bottom 20-30 per cent of Singaporeans aged 65 and above, depending on lifetime wages, household support and flat type.
- Cash supplement of S\$300-S\$750 every three months

4. More help for households

- Reduced foreign domestic worker concessionary levy
- One-off rebate for service and conservancy charges
- GST Voucher: S\$50 increase across the board

5. Education

- Top up for Child Development Accounts, Edusave Accounts and Post-Secondary Education Accounts
- Waiver of National exam fees for full-time Singaporean students in government-funded schools.
- More financial assistance will be extended to needy students
- New partner operator scheme to improve teacher quality and reduce fees at participating childcare centres

Investment in economic and social infrastructure

1. A new \$3 billion Changi Airport Development Fund for the development of Changi Airport Terminal 5
2. \$26 billion to be deployed for public transport system improvements over next 5 years
3. Increase in public, community hospital and nursing homes capacity by 2020

There was also additional tax changes

Personal Income Tax

- Top marginal tax rate will be raised from 20 per cent to 22 per cent for chargeable income above S\$320,000. Marginal tax rates for chargeable incomes above S\$160,000 to S\$320,000 by 1-2 %.

- One-off personal income tax rebate for YA2015 of 50%, capped at S\$1,000.

Extension of income tax concessions for listed Real Estate Investment Trusts (REITs)

- The existing package of income tax concessions² for REITs will be extended till 31 March 2020. The existing stamp duty concessions³ for REITs will lapse after 31 March 2015.

Extending the Mergers and Acquisitions Scheme

- To help companies acquire scale through mergers and acquisitions (M&A), the Government will increase the tax allowance for acquisition costs from the current 5% to 25% of the value of acquisition, with the cap on the allowance remaining at \$5 million per YA. In addition, companies will be able to claim M&A benefits for acquisitions that result in at least 20% shareholding in the target company, down from the current threshold of 50% shareholding.

Promoting Philanthropy

- The tax deduction for qualifying donations made to Institutions of a Public Character (IPCs) and other qualifying recipients in 2015 will be increased from the current 250% to 300%.

Vehicle-related Taxes

- Petrol duty rates will rise by S\$0.15/S\$0.20 per litre from Feb 23, 2015 onwards
- One-year road tax rebate, to offset higher petrol duties
- Carbon emissions-based vehicle scheme will be extended for two years to encourage shift to greener vehicles

END

² Concessionary income tax rate of 10% for non-resident non-individual investors and tax exemption on qualifying foreign-sourced income for listed REITs and wholly-owned Singapore tax resident subsidiary companies of listed REITs.

³ Stamp duty remission on the transfer of a Singapore immovable property to a REIT; and stamp duty remission on the transfer of 100% of the issued share capital of a Singapore-incorporated company that holds immovable properties situated outside Singapore, to the REIT.

Boardroom Corporate Profile

Boardroom is a leader in corporate and advisory services. Our services include Corporate Secretarial, Share Registry, Accounting, Taxation, Payroll, Governance, Risk and Compliance (GRC), and Human Resources.

We are the partner of choice for many Fortune 500 multinational companies, public-listed and privately owned enterprises.

We care for your success. Our associates serve as your partners, acting for you. Our return on your investment with us is phenomenal. That means cutting down overheads and giving your company a boost in its financial arm.

We know how to do it. Our Boardrooms have excelled in markets across Asia, supporting companies over decades, from start-ups to giants, in navigating through complex regulatory policies and cultural sensibilities.

We bring the market to you. In fact, the market is right at our doorstep, with the critical connections and expertise we have on hand. Boardroom possesses an indelible footprint in Australasia with offices in Singapore, Australia, China, Hong Kong and Malaysia as well as an extensive partner network in Asia to help your business realise its maximum potential.

Let us be your trusted, experienced partner with the right connections.

We welcome you on board. We'll help your business take flight.

Boardroom Limited

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

T: +65 6536 4866

F: +65 6536 1676

marketing.sg@boardroomlimited.com

www.boardroomlimited.com

Executive Director & Group CEO

Kim Teo Poh Jin

If you would like to know more about our services, please contact:

Share Registry and Corporate Secretarial Services

Kwok Keng Han
+65 6230 9524
kenghan.kok@boardroomlimited.com

Eric Chan
+65 6230 9603
eric.chan@boardroomlimited.com

Lynn Wan
+65 6230 9507
lynn.wan@boardroomlimited.com

Accounting, Tax & Payroll Services

Chester Leong
+65 6230 9680
Chester.leong@boardroomlimited.com

Victor Lai
+65 6230 9773
victor.lai@boardroomlimited.com

Dayanand Menon
+65 6230 9624
dayanand.menon@boardroomlimited.com

Eng Mei Lin
+65 6230 9553
meilin.eng@boardroomlimited.com

Business Advisory Services

David Low
+65 6230 9654
david.low@boardroomlimited.com

General Enquires

Low Swee Fun
+65 6230 9545
sweefun.low@boardroomlimited.com

Alan Ang
+65 6230 9772
alan.ang@boardroomlimited.com

Kerlyn Teoh
+65 6230 9558
Kerlyn.Teoh@boardroomlimited.com