



**Together,
A Better Future**



**BUDGET
2018**

BUDGET IN BRIEF

The Singapore Budget

The Budget is a strategic and integrated plan to position Singapore for the future.

Singapore faces three major shifts:

- The **shift in global economic weight** towards Asia;
- The **emergence of new technologies** which will change the way we work, live and play; and
- **Ageing**

These shifts bring new challenges and opportunities. Budget 2018 sets out our strategy to achieve:

- A vibrant and innovative economy
- A smart, green and liveable city
- A caring and cohesive society
- A fiscally sustainable and secure future

Budget 2018 brings us closer to these goals, and details our plans to find resources to implement the necessary measures.

What **challenges** are we facing?

How do we **respond**?

What **measures** do we need?

How do we find **resources** for these measures?



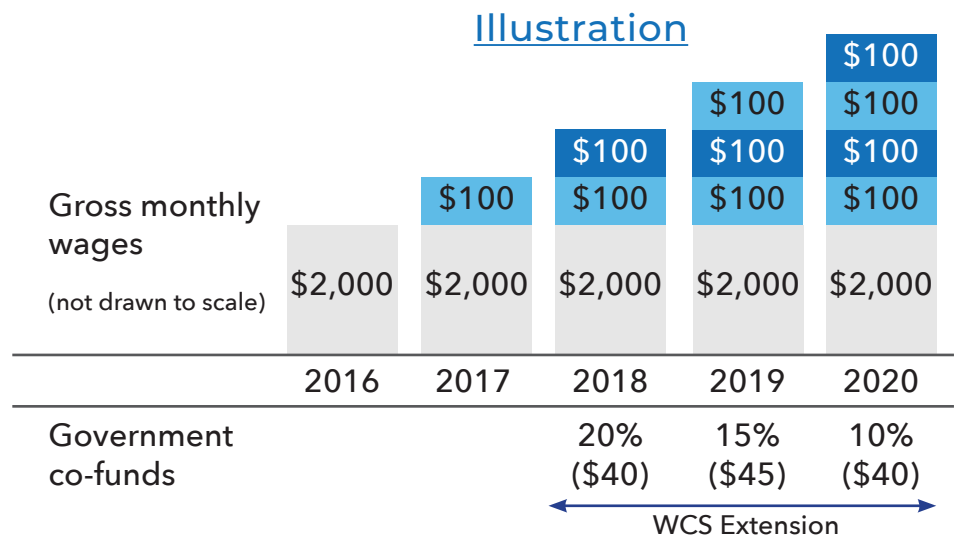
Overcoming Near-Term Challenges

Our economy has picked up in 2017, but some firms remain concerned about business costs.

Budget 2018 continues to support firms in coping with near-term cost pressures and workers in making career transitions.

WAGE CREDIT SCHEME (WCS)

Co-funding of wage increases given over the next 3 years to Singaporeans with gross monthly wages of up to \$4,000



CORPORATE INCOME TAX REBATE

	YA2018	YA2019
Rebate (% of tax payable)	40%	20%
Rebate Cap	\$15,000	\$10,000

FOREIGN WORKER LEVY (FWL)

Defer earlier-announced increases in FWL rates for the Marine Shipyard and Process sectors for another year

ADAPT & GROW

More help for workers to try out new careers through the Career Trial Programme



Fostering Pervasive Innovation

to make the best use of technology as a competitive advantage

PRODUCTIVITY SOLUTIONS GRANT

Up to 70% funding support for the adoption of pre-scoped, off-the-shelf solutions to improve productivity

OPEN INNOVATION PLATFORM

Virtual crowd-sourcing platform where companies can list challenges and be matched with ICT firms and research institutes to co-develop solutions

TAX DEDUCTIONS

Higher tax deductions from YA2019 to YA2025 to support businesses in their use and development of innovations

	Tax deduction	Expenditure Cap
Qualifying expenses incurred on R&D performed in Singapore	Increase from 150% to 250%	-
Licensing Payments to Unrelated Parties	Increase from 100% to 200%	\$100,000
Intellectual Property Registration Fees	Increase from 100% to 200%	\$100,000

AVIATION TRANSFORMATION PROGRAMME (ATP) AND MARITIME TRANSFORMATION PROGRAMME (MTP)



For companies to develop, test, and use advanced automation and digital technologies to improve operations and enhance traffic management in our airports and seaports



NATIONAL RESEARCH FOUNDATION - TEMASEK IP COMMERCIALISATION VEHICLE

New investment venture to support commercialisation of publicly-funded intellectual property developed in Singapore

NATIONAL ROBOTICS PROGRAMME (NRP)

Expand the NRP to encourage greater use of robotics, especially in construction

Building Deep Capabilities

in our firms and workers, so that we compete not on cost, but on value

ENTERPRISE DEVELOPMENT GRANT

Up to 70% funding support for firms to build a range of capabilities including innovation, talent development and internationalisation

DOUBLE TAX DEDUCTION FOR INTERNATIONALISATION (DTD_i)

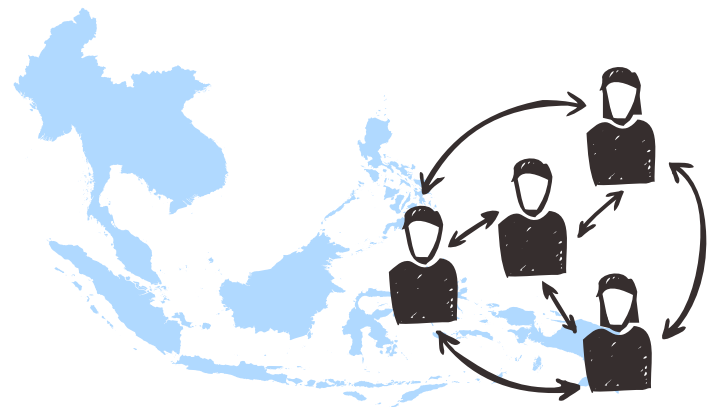
From YA2019, expenses that can qualify for DTD_i without prior approval will increase from \$100,000 to \$150,000 per YA

TECH SKILLS ACCELERATOR (TeSA)

Scale up to develop more ICT professionals in new sectors, and in emerging digital skills such as data analytics and artificial intelligence

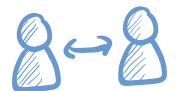
ASEAN LEADERSHIP PROGRAMME

Help Singapore business leaders better understand, build networks in, and plan business expansions to Southeast Asian markets



CAPABILITY TRANSFER PROGRAMME

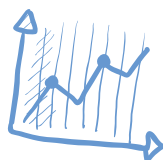
Support skills transfer from foreign specialists to Singaporeans



ADJUSTMENTS TO BROAD-BASED TAX SCHEMES

From YA2020, tax exemptions under the Start-Up Tax Exemption (SUTE) and the Partial Tax Exemption schemes will be limited to the first \$200,000 of chargeable income

Tax exemption on the first \$100,000 of chargeable income under SUTE will be reduced from 100% to 75%



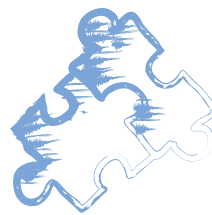
Forging Strong Partnerships

to draw on one another's strengths to capture bigger and better opportunities



PACT SCHEME

Funding support for collaborations and partnerships between firms of all sizes, e.g. knowledge transfer, capability building, co-innovation and accessing overseas opportunities



ASEAN INNOVATION NETWORK

Strengthen linkages between innovation ecosystems in the region, and spark new collaborations and solutions

INFRASTRUCTURE OFFICE

New office to connect infrastructure demand in Asia to infrastructure financing, services and expertise



A Smart, Green and Liveable City

Taking care of the environment has always been part of our national DNA. We will continue to make Singapore a better home to live in, work and play.

SMART NATION

Embark on strategic national projects such as Smart Nation Sensor Platform, National Digital Identity System, e-payments, and sharing of more data

ENERGY GRID 2.0

Develop next-generation grid architectures that can respond quickly and reliably to changes in energy demand and supply



CARBON TAX

Carbon tax of \$5 per tonne of greenhouse gas emissions in the first instance, from 2019 to 2023 on facilities producing 25,000 tonnes or more of greenhouse gas emissions a year, to encourage reduction of emissions

GST VOUCHER – U-SAVE

Additional \$20 per year from 2019 to 2021 for eligible HDB households to cover expected average increase in electricity and gas expenses

IMPROVING ENERGY EFFICIENCY

Grants and support to help companies with worthwhile projects to enhance energy efficiency and reduce emissions



Supporting Individuals and Families

We will support Singaporeans and their families to better prepare for the future and care for one another

HIGHER ANNUAL EDUSAVE CONTRIBUTIONS

From 2019:

- Increase from \$200 to \$230 for primary school students;
- Increase from \$240 to \$290 for secondary school students



MOE FINANCIAL ASSISTANCE

- Increase annual bursary quantum for pre-university students under MOE Financial Assistance Scheme (FAS) from \$750 to \$900
- Cover more meals for secondary school students under School Meals Programme
- Update income eligibility criteria for MOE FAS, Edusave Merit Bursary, and Independent School Bursary to benefit more students



SUPPORT FOR FINANCIAL PLANNING

- ↳ Pilot new Financial Education curriculum at Polytechnics and Institute of Technical Education
- ↳ Enhance existing services at HDB and CPF Board to enable individuals to make better-informed decisions when they buy a flat or approach retirement

SG BONUS

Up to \$300 cash payment to all adult citizens to share the fruits of Singapore's development with Singaporeans

REVIEW OF ELDERSHIELD

Subsidise premiums for lower- and middle-income Singaporeans to ensure that the enhanced scheme remains affordable for them



Supporting Individuals and Families

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FOREIGN DOMESTIC WORKER (FDW) LEVY

Concessionary FDW Levy of \$60 remains

Other adjustments to moderate the demand for FDWs

SERVICE & CONSERVANCY CHARGES (S&CC) REBATE

Eligible households will receive:

HDB Type	FY2018 S&CC Rebate
1 & 2 Room	 3.5 months
3 & 4 Room	 2.5 months
5 Room	 2 months
Executive/ Multi-Generation	 1.5 months

ENHANCED PROXIMITY HOUSING GRANT

	Buy resale flat to:	Grant
Families	Live <u>with</u> their parents or children [#]	\$30,000 ENHANCED
	Live <u>near</u> * their parents or children [#]	\$20,000
Singles	Live <u>with</u> their parents	\$15,000 ENHANCED
	Live <u>near</u> * their parents	\$10,000 NEW

*Within 4km

[#]Married children, or single children aged 35 and above



Strengthening Partnerships with Community

to better care for our seniors and those in need

COMMUNITY NETWORKS FOR SENIORS (CNS)

Expand nationwide by 2020 to strengthen support for our seniors and enable them to age confidently in the community

COMMUNITY SILVER TRUST

Top-up of \$300 million

Expanded to match donations raised by eligible VWOs for active ageing programmes

SENIORS' MOBILITY AND ENABLING FUND

Top-up of \$100 million to provide subsidies for assistive devices and selected consumables

INTEGRATED HEALTH AND SOCIAL SUPPORT FOR SENIORS

- Consolidate social- and health-related services for seniors under MOH
- Agency for Integrated Care (AIC) will be the central implementation agency to coordinate such services for seniors
- Pioneer Generation Office renamed as Silver Generation Office and merged with AIC

SOCIAL SERVICE OFFICES (SSOs)

Strengthen the role and capabilities of SSOs in coordinating the efforts of government agencies, VWOs and community partners to provide more holistic support to those in need



Encouraging a Spirit of Giving

At the core of a caring and cohesive society are people who have the heart to give back to the community and make a difference to the lives of others

ENCOURAGING SINGAPOREANS TO GIVE BACK

- Extend 250% tax deduction for donations made to Institutions of a Public Character (IPCs) until 2021
- Enhance Giving.sg portal
- Increase Community Development Councils' annual matching grant cap to \$40 million to better support the community

EMPOWERING FOR LIFE FUND MATCHING GRANT

\$ for \$ matching

on all donations received by the Fund under the President's Challenge for the next 5 years to support skills upgrading and employment for the most vulnerable

ENCOURAGING CORPORATES TO SUPPORT EMPLOYEES' CONTRIBUTIONS

Extend until 2021:

↳ **SHARE as One**

\$ for \$ matching

↳ **Business and IPC Partnership Scheme (BIPS)**

250% tax deduction on qualifying costs incurred for businesses that support staff to volunteer and provide services to IPCs



A Fiscally Sustainable and Secure Future

From 2011 to 2020, we are on a sound fiscal footing. We had planned ahead, and made necessary moves before the decade started.

- 2007** Raised GST
- 2008** Introduced the Net Investment Returns (NIR) framework
- 2015** Included Temasek in the NIR framework and raised personal income tax rates for the top income brackets



Make major enhancements to our healthcare, transport and social support systems



From 2021, we expect our spending needs to increase



Healthcare needs for our people, especially our seniors



Security to keep Singapore safe



Infrastructure to anchor Singapore as a centre for economic activity in the region, create jobs, enhance liveability



Education to give our young a good start and to invest in lifelong learning

Our strategies to ensure enough funding for Singaporeans' future needs

ENSURE PRUDENT SPENDING

From FY2019, Ministries' block budgets will grow by 0.3 times of GDP growth, adjusted down from 0.4 times

INFRASTRUCTURE INVESTMENTS - SAVE AND BORROW

- Save ahead in Changi Airport Development Fund and Rail Infrastructure Fund
- Statutory Boards and Government-owned companies which build infrastructure to borrow to spread the cost of investment over more years

STRENGTHEN REVENUES TO MEET FUTURE NEEDS

- Raise GST by 2%-points, from 7% to 9%, sometime in the period from 2021 to 2025
- Continue to absorb GST on publicly-subsidised education & healthcare
- Enhance GST Voucher to provide more help to lower-income households and seniors
- There will be an offset package, with more support for lower- and middle-income households

A Fiscally Sustainable and Secure Future

GST ON IMPORTED SERVICES

From 1 Jan 2020, GST will be introduced on imported services such as consultancy, marketing, apps and music purchased from overseas suppliers

TOBACCO TAX

10% increase in tobacco excise duty across all tobacco products from 19 Feb 2018

BUYER'S STAMP DUTY (BSD) RATES FOR RESIDENTIAL PROPERTIES

To enhance progressivity in our tax system, the top marginal BSD rate will be raised from 3% to 4%, and applied on the value of residential property in excess of \$1 million

The revised rate apply to all residential properties acquired on or after 20 Feb 2018



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For more information, please visit www.singaporebudget.gov.sg