

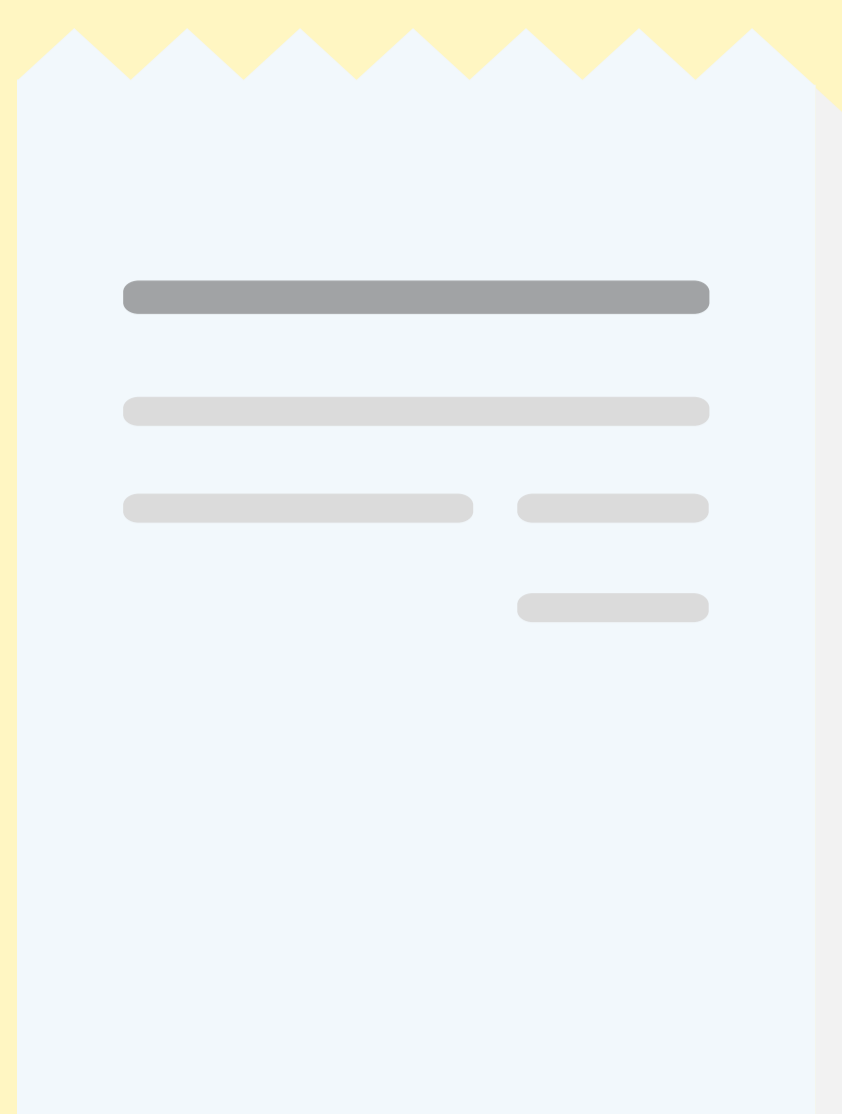


# HOW GST AND GST VOUCHER ARE PART OF A FAIR SYSTEM

## WHAT IS GST?

**7%**

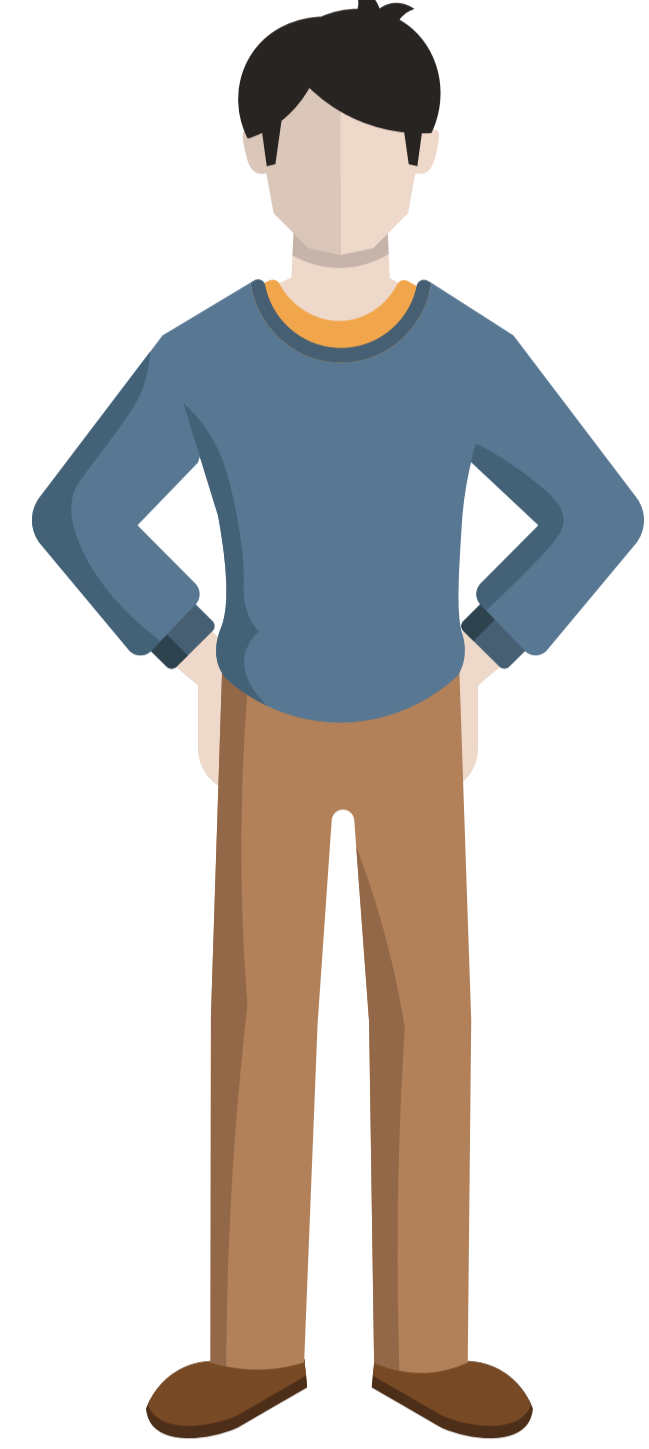
Broad-based consumption tax levied on nearly all goods and services in Singapore



## THOSE WHO SPEND MORE, PAY MORE GST

Meet Aaron and Bob, both from families of 4.

Aaron is the sole breadwinner and earns **\$2,000** a month



Bob and his wife earn **\$25,000** a month



Aaron spends most of his income, **\$1,800**, on daily expenses for his family



Bob's family spends **\$7,500** or 30% of their income on more items



Aaron pays  $\$1,800 \times 7\% = \$126$  in GST

Bob pays  $\$7,500 \times 7\% = \$525$  in GST



Bob spends more money, so pays more GST

## USING GST REVENUE TO HELP THE LOWER INCOME

The GST Voucher scheme gives more help to lower-income households to offset some of their GST expenses.

GST therefore works hand in hand with the GST Voucher scheme and other social assistance schemes.



For example, the GST Voucher scheme provides cash support and utility rebates to help lower-income households stretch every dollar of their income further.

The elderly receive Medisave top-ups too.

## HOW DO THE BENEFITS ADD UP?



In our example, Aaron's family receives the following under the GST Voucher scheme:

- **\$600** in GST Voucher - Cash (\$300 each for Aaron and his wife)
- **\$340** in GST Voucher - U-Save (assuming they live in a 3-room HDB flat)

**\$940**  
*a year in total*



In other words, Aaron's family receives about  $\$940 / 12 = \$78$  a month, from GST Voucher alone. This is about half of his family's GST expenses of \$126.

In addition, the Government absorbs GST on publicly-subsidised education and healthcare, which would further reduce his GST expenses.

The GST Voucher is only one of many forms of government subsidies and support.

Our children receive subsidies from preschool to tertiary education, with financial assistance and bursaries for the lower- and middle-income.

When we fall sick, we can get medical help at subsidised rates.

When we buy a home, we can benefit from housing grants.

We also have Workfare and Silver Support to help the lower-income.



All in all, in 2016, lower-income households received almost **\$4 of benefits for every dollar of tax paid**. Middle-income households received almost \$2 for every dollar of tax paid.



# GST AND GST VOUCHER ARE PART OF A FAIR SYSTEM

The more you spend, the more GST you pay.

GST works hand in hand with the GST Voucher scheme, which helps lower-income households to cover some of their GST expenses.

Beyond the GST Voucher scheme, we have many schemes and programmes to support Singaporeans.