

MOVING FORWARD TOGETHER



BUDGET 2017

Prepares us for the future economy and supports businesses

Sustains employment and helps workers thrive

Builds an inclusive society and strengthens our community

Protects our environment

Ensures fiscal sustainability



BUDGET IN BRIEF



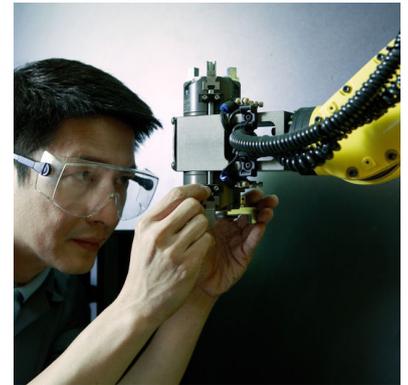
Preparing for The Future Economy

- Globally competitive economy
- Help enterprises digitalise, innovate and scale up globally
- Deepen partnerships to share expertise and solutions



Sustaining Employment, Helping Workers

- Develop regional and global leaders
- Make it easier for workers to deepen skills
- Better job placement and skills for new careers



Building an Inclusive Society and Strengthening Our Community

- Additional support for families and households
- Strengthen support for persons with disabilities and persons with mental health conditions
- Foster stronger community bonds



Protecting Our Environment

- Develop a sustainable and resilient city
- Sustain a high-quality living environment that endears Singapore to residents and visitors
- Reduce carbon and other harmful emissions, and conserve scarce water resources



Fiscal Sustainability

- Manage expenditure growth and strengthen revenue base



ECONOMY AND BUSINESSES



Enhancement of Corporate Income Tax Rebate

- Enhanced for YA2017 with rebate cap raised from \$20,000 to **\$25,000**, at **50%** of tax payable
- Extended by another year to YA2018, capped at **\$10,000**, **20%** of tax payable

SMEs Go Digital Programme

- **Industry Digital Plans** on technologies to use at each stage of growth
- In-person help at **SME Centres** for basic ICT advice, and a new **SME Technology Hub** for specialist advice
- **Advice and funding support** when piloting emerging ICT solutions; Support for consortiums to adopt impactful, interoperable solutions

SME Working Capital Loan [Ongoing]

- Continue for **next two years**
- Government co-shares 50% of default risk for loans of up to \$300,000 per SME



Wage Credit Scheme [Ongoing]

Over **\$600 million** to be paid out in March 2017 to help firms cope with rising wages

Special Employment Credit [Ongoing]

Over **\$300 million** to be paid out in FY2017 to benefit **370,000 workers**

Extension of Additional Special Employment Credit

Extended till 31 December 2019 to provide wage offsets of up to 3%, to help older workers stay employed



ECONOMY AND BUSINESSES

International Partnership Fund



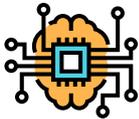
Up to **\$600 million** in Government capital to co-invest with Singapore-based firms to help them **scale-up and internationalise**

Enhanced International Finance Scheme



- Catalyse private cross-border project financing to **smaller Singapore-based infrastructure developers**
- Catalyse financing for projects in **emerging markets**

Operation and Technology Road-mapping



- A*STAR to help firms identify technology to better **innovate and compete**
- Support 400 companies over the next four years

Tech Access Initiative



- For small companies that would like to do prototyping, A*STAR will provide access and training to use its **advanced machine tools** for prototyping and testing
- Available from September 2017

Improving Access to IP

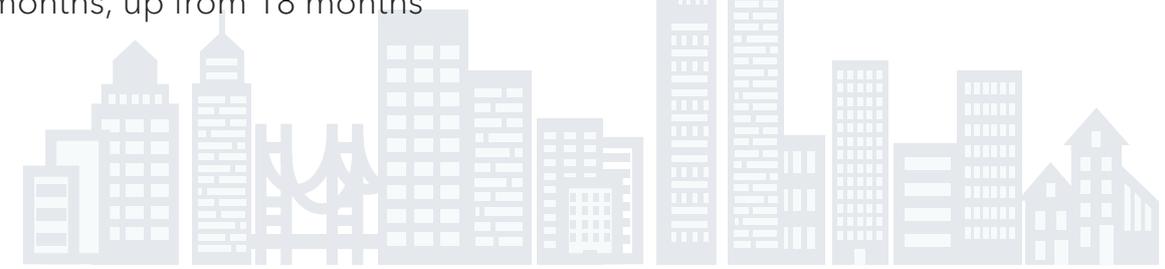


- **Intellectual Property Intermediary**, a SPRING affiliate, matches companies with IP that meet their needs
- **Headstart Programme** offers SMEs that co-develop IP with A*STAR royalty-free and exclusive licences for 36 months, up from 18 months

Regulatory Sandboxes



- Promote innovation** by creating space where rules can be suspended to allow greater experimentation, e.g.:
- MAS regulatory sandbox for FinTech
 - LTA zones for testing of self-driving vehicles





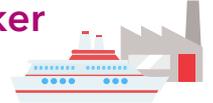
INDUSTRY SECTORS



Industry Transformation Maps (ITMs)

- Partnership with Trade Associations and Chambers, unions, Government and businesses to transform industries
- ITMs in **23 sectors** – covering 80% of economy – to help them become more competitive in four areas:
 1. Productivity
 2. Jobs and skills
 3. Innovation
 4. Trade and internationalisation
- Six have been launched and remaining 17 will be launched within FY2017

Deferring Foreign Worker Levy (FWL) Increases



Defer FWL increase in the **Marine and Process sectors** for **one more year** to help employers in these sectors

Accelerating Infrastructure Projects



Bring forward about **\$700 million** of public sector projects to start in FY2017 and FY2018

Public Sector Construction Productivity Fund



Up to **\$150 million** to procure innovative and productive construction solutions for public sector projects

Top-ups to Funds



- National Research Fund, top up by \$500 million
- National Productivity Fund, top up by \$1 billion



WORKERS AND JOB SEEKERS

1. Innovators Academy

Enable students to build connections and capabilities through overseas internships



2. Innovation Launchpads

Create opportunities for entrepreneurs and business owners in Singapore-based companies to connect with mentors, investors and service providers in overseas markets

3. Welcome Centres

Link up innovative foreign companies with Singapore partners to co-innovate and expand in the region

Enhance "Adapt and Grow" Initiative

Help jobseekers with employment by increasing wage and training support for:

- Career Support Programme
- Professional Conversion Programme
- Work Trial Programme

Introduce "Attach and Train" initiative with industry partners in growth sectors. Participants will receive training and work attachments in advance of job placements.



SkillsFuture Leadership Development Initiative

- Support companies in expanding leadership development programmes
- Develop **800 potential leaders** over three years

Increase Accessibility of Training

Through short, modular courses and e-learning

Better Job Matching

- Enhance **National Jobs Bank**
- Work with private placement firms to deliver **better job matching services** to professionals



VIBRANT AND CONNECTED CITY

Invest in critical infrastructure to deepen global connectivity

- For example, new Changi Airport Terminal 5, Kuala Lumpur-Singapore High Speed Rail and Tuas Terminal

Invest in shared infrastructure for economic clusters

- To allow industry players to network, pool resources and share knowledge

Diverse social spaces

- For people to come together, create shared experiences, and forge stronger bonds
- Invest in sports and arts facilities
- Enhance sports and arts programmes



ENVIRONMENT

Around the world, climate change, and air and water pollution are major concerns. Left unaddressed, they can adversely affect health and quality of life. We need to take action to reduce greenhouse gas emissions and conserve scarce resources.

Vehicular Emissions Scheme

To reduce harmful emissions

- **Extend Carbon Emissions-based Vehicle Scheme (CEVS)** until 31 December 2017
- Replace with new **Vehicular Emissions Scheme** starting from 1 January 2018, for two years

Water Price Changes

To encourage water conservation and sustain water supply.

Starting from 1 July 2017,

- Increase price of water by **30%** in two phases, by 1 July 2018
- Impose a **10% Water Conservation Tax** on NEWater tariff
- HDB households will receive help to manage the increase

Early Turnover Scheme

To encourage people to switch to cleaner vehicles

- **Extend scheme** for Euro II and III commercial diesel vehicles that turn over to Euro VI vehicles until 31 July 2019
- **Enhance COE bonus period** for **Light Goods Vehicles**

Carbon Tax

To reduce carbon emissions

- Applied upstream, for example, on power stations and other large direct emitters
- To be implemented **from 2019**, with the price level and exact implementation schedule decided after consultations

Restructuring of Diesel Taxes

To reduce diesel consumption by shifting towards usage based taxes

- **\$0.10 per litre** volume-based duty on automotive diesel, industrial diesel and diesel component in biodiesel
- Permanently reduce Special Tax on diesel cars and taxis by \$100 and \$850 respectively
- **100%** road tax rebate for one year and partial road tax rebate for two years for commercial diesel vehicles
- Additional cash rebates for diesel buses ferrying school children

HOUSEHOLDS

To Assist Households with Their Expenses

Increase in GST Voucher – U-Save

To soften the impact of the water price increase, permanent increase in rebate for eligible HDB households, depending on flat type

| HDB Flat Type | Current Annual U-Save Rebate (\$) | Additional Annual U-Save Rebate (\$) | Revised Annual U-Save Rebate (\$) |
|--------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| 1- and 2-room | 260 | 120 | 380 |
| 3-room | 240 | 100 | 340 |
| 4-room | 220 | 80 | 300 |
| 5-room | 200 | 60 | 260 |
| Executive/ Multi-Generation | 180 | 40 | 220 |

One-off GST Voucher (GSTV) – Cash Special Payment

- Up to \$200 given to eligible recipients, on top of the regular GSTV – Cash
- Will benefit over 1.3 million Singaporeans

Personal Income Tax Rebate

20% of tax payable for tax residents for YA2017, capped at \$500

Extension of Service & Conservancy Charges (S&CC) Rebate

| HDB Flat Type | FY2017 S&CC Rebate (No. of Months) |
|--------------------------------|------------------------------------|
| 1- and 2-room | 3.5 |
| 3- and 4-room | 2.5 |
| 5-room | 2 |
| Executive/ Multi-Generation | 1.5 |

Top-ups to Funds



- ComCare Fund, top up by \$200 million
- Medifund, top up by \$500 million
- GST Voucher Fund, top up by \$1.5 billion



To Make Singapore a Great Place for Families

Increase in CPF Housing Grant



Make HDB resale flats even more affordable for first-timer applicants (e.g. married couples)

| HDB Resale flats | Current CPF Housing Grant | Enhanced CPF Housing Grant |
|-------------------|---------------------------|----------------------------|
| 4-room or smaller | \$30,000 | \$50,000 |
| 5-room or bigger | \$30,000 | \$40,000 |

Enhancements to the Pre-school Sector



Increase the capacity of centre-based infant care to over 8,000 places by 2020

Enhancements to Bursaries for Post-Secondary Education Institutions (PSEIs)



Increase in annual bursaries for students in publicly-funded PSEIs

- Up to **\$400 more** for undergraduate students
- Up to **\$350 more** for diploma students
- Up to **\$200 more** for ITE students

Revised income eligibility criteria expected to benefit about 12,000 more Singaporean students



COMMUNITY

To Strengthen Community Bonds and Provide Greater Support to Persons with Disabilities and Persons with Mental Health Conditions

Community Mental Health



Additional **\$160 million** over next five years

- Resource VWOs to set up more **community-based teams**
- **Improve delivery of care** within community
- **Increase** the number of **Dementia Friendly Communities**
- **Integrate persons with mental health issues** at the workplace and society

Cultural Matching Fund



Top up **\$150 million** to continue **1:1 matching** for donations to cultural institutions

VWOs-Charities Capability Fund



Additional funding of up to **\$100 million** to **develop VWOs' and charities' capabilities** over next five years

Grants to Self-Help Groups



Another **\$6 million** grant to Self-Help Groups over next two years

Enabling Masterplan 3



Stronger support for Persons with Disabilities

- **Extend training programmes** to Special Education students with moderate intellectual and multiple disabilities to prepare them for employment
- **Set up a Disability Caregiver Support Centre** to provide caregiver training and peer support

Community Sports and Sports Excellence



- **Over \$50 million** set aside for community sports – expand **Sports-In-Precinct Programme**, and scale up **SportCares** to empower disadvantaged youths
- **Additional \$100 million** for high performance sports – **\$50 million in direct grants** over five years to support our aspiring athletes and up to **another \$50 million for 1:1 matching** of sports donations

FISCAL SUSTAINABILITY

To prepare for increasing healthcare and infrastructure needs, we will need to have prudent public spending and build a pro-growth, progressive revenue base.



Prudent and Effective Public Spending

Permanent 2% downward adjustment to the **budget caps** of all Ministries and Organs of State from FY2017 onwards (Phased adjustment for Ministries serving security needs or significantly expanding services)

Some of these funds will be used to **implement cross-agency projects** that deliver value to citizens and businesses

Overall expenditures will continue to grow in FY2017

Maintaining a PRO-GROWTH & PROGRESSIVE Revenue Base

Other Tax Measures to Help Businesses

Some **existing tax incentive schemes** will be extended and strengthened to **enhance competitiveness**

Tiered Additional Registration Fees (ARF) for Motorcycles

Introduce two more tiers for **more expensive motorcycles**

| OMV of Motorcycles | ARF |
|--------------------|---------------|
| Up to \$5,000 | Remain at 15% |
| Next \$5,000 | 50% |
| Beyond \$10,000 | 100% |

The **contribution of motorcycle COE quota** to open category COE quota will **cease**

Base Erosion and Profit Shifting Project

- Ensure companies are taxed where substantive economic activities are performed
- In consultation with businesses, Singapore will refine schemes and implement the relevant tax standards