

# Budget 2017

## Moving Forward Together

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## **A. Introduction – Moving Forward Together**

A.1. Madam Speaker, I beg to move, that Parliament approves the financial policy of the Government for the Financial Year (FY) from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.

### **A Time of Change**

A.2. When I presented the last Budget, Brexit seemed remote and the US had just started the process of electing their new President. Events since then are a stark reminder of how quick and unpredictable change can be.

A.3. There is an inward-looking mood in several of the most advanced economies. Should this translate into protectionist actions, it will slow global trade and investments.

A.4. Meanwhile, advances in technology are picking up pace, disrupting traditional businesses and jobs. But they also present opportunities for countries and people who can learn and adapt quickly.

A.5. These deep shifts around the world will create new challenges but also open up new opportunities for many years to come. We must understand these shifts and do our best to adapt and thrive.

A.6. Singapore is also undergoing a key transition as our economy matures. With falling birth rates and a rapidly ageing population, labour force growth will eventually fall to zero. Many developed economies going through this same experience have seen their annual GDP growth decelerate to 1% or lower. We can aim for quality growth of 2% to 3%, if we press on in our drive for higher productivity and work hard to help everyone who wishes to work find a place in the labour force.

## Building Capabilities and Partnerships

- A.7. Singapore should **develop strong capabilities** in our firms and workers, so they can adapt to the changes in economic structures and technology. Digitalisation, innovation and highly skilled workers will enable cities and regions to prosper while staying open and connected to the world.
- A.8. In addition, we must **forge deep partnerships in our economy**. The Government's role is not to plan every move, but to forge a common understanding of the changes, and foster partnerships with businesses, unions, firms and workers, with each playing a key role. We need to pool our resources and ideas, and solve problems together. Such networks of trust will allow us to seize opportunities and respond to unexpected challenges.
- A.9. Similarly, we need to foster partnerships in the wider society so we can maintain **a good balance between state action and community initiative**. Government can do good in many instances, but so can individual citizens. When friends, neighbours and fellow citizens come together in support of a cause, or one another, we forge deep bonds and grow our social capital.
- A.10. It is critical that we take decisive action to re-position ourselves for the future. Budget 2017 will outline measures for our economy and our society, together with our fiscal policies. We will take a learning and adaptive approach, try new methods, continue with them when they work well, cut losses when they do not, and draw on feedback and experience to adjust and refine our plans. That is the Singapore way.

## **B. An Innovative and Connected Economy**

### **Economy and Labour Market – Performance and Outlook**

- B.1. Let me start with the economy and jobs.
- B.2. Last year, we achieved GDP growth of 2.0%.<sup>1</sup> This is similar to the 1.9 % achieved in 2015. This is within range, but at the lower end of our potential growth over the medium term.
- B.3. But this aggregate growth figure belies the uneven performance across sectors. Sectors such as Electronics, Information & Communications, and Education, Health & Social Services, did well. Some sectors have been harder hit by cyclical weaknesses, including Marine & Offshore, and to some extent, Construction. Other sectors like retail are facing structural shifts.
- B.4. The picture of the labour market is similarly mixed. Overall, unemployment rate remained low at 2.1%<sup>2</sup> in 2016, but redundancies have been increasing and more workers are taking longer to find jobs. Sectors such as healthcare and education offered more jobs, while others shed them. In 2016, resident employment increased while foreign employment contracted.<sup>3</sup>

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<sup>1</sup> Based on the Economic Survey of Singapore 2016.

<sup>2</sup> Based on MOM's Labour Market Advance Release 2016.

<sup>3</sup> Contraction in foreign employment excludes Foreign Domestic Workers.

## Managing the Transition

- B.5. Given the uneven performance across different sectors, we need to go beyond general stimulus, and target the specific issues faced by different sectors.
- B.6. **For firms and sectors that are doing well, we must focus on the long term and build on the momentum to seize new opportunities.** For example, firms in the manufacturing sector should adopt advanced manufacturing technologies to build competitive advantage. In last year's Budget, I announced the \$450 million National Robotics Programme. This year, I will be announcing measures to help firms with good prospects scale up and internationalise. I will talk about these measures later.
- B.7. **For sectors facing cyclical weaknesses, we have introduced specific support measures** like the Bridging Loan for Marine and Offshore Engineering companies, which provides access to working capital to help them bridge short-term cash flow gaps. I will introduce specific measures to **address continued cyclical weaknesses** in the Marine and Process sectors, and the Construction sector.

### **Deferring Foreign Worker Levy (FWL) Increases**

- B.8. Last year, we deferred foreign worker levy increases in the Marine and Process sectors. In view of continued weakness, we will **defer the earlier announced levy increases in these two sectors by one more year.** (Refer to Annex A-1).

## Accelerating Infrastructure Projects

- B.9. To support the Construction sector, we will also **bring forward \$700 million worth of public sector infrastructure projects to start in FY2017 and FY2018**. Our construction firms will be able to bid for and participate in these projects, which include the upgrading of community clubs and sports facilities. To sustain the momentum for productivity improvement, we will proceed with the foreign worker levy increases for Construction announced in 2015.
- B.10. **Firms in sectors that are facing structural shifts will need to dig deep to change their business models to stay viable**. For example, firms and workers in Retail will need to embrace digital capabilities to access new markets through online-marketing, and e-commerce platforms.

## Enhance “Adapt and Grow”

- B.11. The Government will help workers adapt to structural shifts in the economy, especially those who seek to move to a different sector or industry. Last year, the Ministry of Manpower (MOM) launched the **“Adapt and Grow”** initiative to help workers looking to take on new jobs. We will strengthen the support this year.
- a. We will increase wage and training support provided under **the Career Support Programme, the Professional Conversion Programme, and the Work Trial Programme**.
- b. We will introduce an **“Attach and Train” initiative** for sectors that have good growth prospects, but where companies may not be ready to hire yet. Instead, industry partners can send participants for training and work attachments. This will increase the chances of these workers to find a job in the sector later.



- B.12. An **additional sum of up to \$26 million a year** will be committed from the Lifelong Learning Endowment Fund and the Skills Development Fund to support these initiatives.
- B.13. The Minister for Manpower will elaborate on the initiatives at the Committee of Supply (COS). (Refer to Annex A-2).

### **Continuation of Measures to Support Businesses**

- B.14. Over the next two to three years, the different sectors of our economy will be in transition, repositioning themselves for the future economy. Some firms may need help to manage cost or cash flow. They will continue to receive support from schemes announced previously. Let me mention three.
- B.15. The **Wage Credit Scheme** will continue to help firms cope with rising wages. We expect to pay over \$600 million to businesses this March. Roughly 70% of this amount will be to SMEs.
- B.16. The **Special Employment Credit** will continue to provide employers with support for the wages of older workers till 2019. Over \$300 million, which will benefit 370,000 workers, will be paid out in FY2017.
- B.17. The **SME Working Capital Loan** will continue to be available for the next two years. This is where Government co-shares 50% of the default risk for loans of up to \$300,000 per SME. There has been good take-up for this scheme. Since its launch in June 2016, the scheme has catalysed more than \$700 million of loans.
- B.18. I will introduce two more measures to support firms.

## **Enhancement of Corporate Income Tax Rebate**

- B.19. First, I will **enhance the Corporate Income Tax (CIT) Rebate**. Last year, I enhanced the CIT rebate from 30% to 50% of tax payable, capped at \$20,000 each year for Year of Assessment (YA) 2016 and YA2017.
- B.20. This year, I will further enhance the CIT rebate by raising the cap from \$20,000 to \$25,000 for YA2017. The rebate will remain at 50% of tax payable.
- B.21. I will also **extend the CIT rebate** for another year to YA2018, at a reduced rate of 20% of tax payable, capped at \$10,000. The enhancement and extension will cost an additional **\$310 million over YA2017 and YA2018**.

## **Extension of Additional Special Employment Credit**

- B.22. Second, we will provide more support for firms hiring older workers. MOM will raise the re-employment age from 65 to 67 years, with effect from 01 July 2017. This will apply to workers younger than 65 on that day.
- B.23. To encourage employers to continue hiring workers who are not covered, we will **extend the Additional Special Employment Credit** till end-2019. Under this scheme, employers will receive wage offsets of up to 3% for workers who earn under \$4,000 per month, and who are not covered by the new re-employment age of 67 years old. Taken together with the Special Employment Credit, employers will receive support of up to 11% for the wages of their eligible older workers.

- B.24. The extension of the Additional Special Employment Credit will benefit about 120,000 workers and 55,000 employers, and will cost about **\$160 million**. This helps to extend the employability of older Singaporeans. Details are in the Annex. (Refer to Annex A-3).
- B.25. These **additional near term support measures, with the existing Wage Credit Scheme and Special Employment Credit, will give businesses support of over \$1.4 billion over the next year.**

## The Future Economy – Building Agility through Capabilities and Partnerships

- B.26. The measures I have described will help our firms and workers, especially in sectors that are facing cyclical or structural weaknesses. Even more important is how we increase our growth in the medium to long term, so as to sustain our potential growth of 2% to 3%. Let me now speak about measures to build our capacity for the future economy. These measures largely respond to the ideas put forth by the Committee on the Future Economy, or CFE.
- B.27. The CFE has laid out seven mutually reinforcing strategies to tackle the challenges ahead. These strategies are **not prescriptive blueprints but focus on developing adaptability and resilience**. These qualities will keep Singapore relevant even as the world changes.
- B.28. Emerging economies are now able to produce rather than import higher value components. There is also a growing consumer class in many Asian cities. Even as we stay open and connected, we have **to understand our global partners and customers much**

**better and more deeply.** Our enterprises and people will need to venture overseas and to immerse themselves in these markets to gain deep insights.

- B.29. Technology is reshaping businesses, jobs and lifestyles across the world. We must spot the opportunities in the digital economy, and **make the most of our strengths as a nimble, well-educated, tech-savvy society.**
- B.30. As we mature as an economy, we must compete on the quality and novelty of our ideas, and our ability to create value. We need to **build a strong innovation and enterprise engine,** to complement our traditional strengths in efficiency and speed.
- B.31. These moves will entail **building capabilities of our enterprises,** the **capabilities of our people,** and bringing **all parts together in partnership** to act as one agile, adaptable whole. This, in essence, is the key thrust of the CFE recommendations.

## Strengthening Capabilities in Our Enterprises

- B.32. Let me start with enterprise development.
- B.33. Enterprises are the heart of vibrant economies. For our enterprises to stay competitive and grow, they will need to develop deep capabilities. Which capabilities matter – this depends on the industry that the firm is in, and the firm’s own stage of growth. But there are three capabilities that many firms will need in common – being able to use **digital technology,** embrace **innovation,** and **scale up.**

## Digitalisation

B.34. Digital technology has unique potential to transform businesses, large and small, across the economy. The first way to strengthen our enterprises, especially SMEs, is to help them adopt digital solutions.

### **SMEs Go Digital Programme**

B.35. We will introduce the **SMEs Go Digital Programme** to help SMEs build digital capabilities. The Info-communications Media Development Authority (IMDA) will work with SPRING and other sector lead agencies in this effort. The SMEs Go Digital Programme will have three components:

a. First, SMEs will get step-by-step advice on the technologies to use at each stage of their growth through the sectoral Industry Digital Plans. We will start with sectors where digital technology can significantly improve productivity. These include Retail, Food Services, Wholesale Trade, Logistics, Cleaning and Security.

b. Second, SMEs will get in-person help at SME Centres and a new SME Technology Hub to be set up by IMDA. SMEs can approach business advisors at SME Centres for advice on off-the-shelf technology solutions that are pre-approved for funding support, or connect to Info-communications and Technology (ICT) vendors and consultants. The more digitally advanced firms can get specialist advice from the SME Technology Hub.

c. Third, SMEs that are ready to pilot emerging ICT solutions can receive advice and funding support. We will work with consortiums of large and small firms to help them adopt impactful, interoperable ICT solutions, to level up whole sectors.

B.36. We will also **strengthen our capabilities in data and cybersecurity**. With increased digitalisation, data will become an important asset for firms, and strong cybersecurity is needed for our networks to function smoothly. The Cyber Security Agency (CSA) of Singapore will work with professional bodies to train cybersecurity professionals.

B.37. I will make available more than **\$80 million for these programmes**. The Minister for Communications and Information will elaborate at the COS.

### **Innovation**

B.38. The second way to strengthen our enterprises is to support firms in their broader efforts to tap on innovation and technology. With our consistent investment in R&D, we have built up excellent research institutes. We want to help companies better tap on these resources.

### **A\*STAR Operation and Technology Road-mapping**

B.39. A\*STAR currently works with firms to conduct **operation and technology road-mapping**, to identify how technology can help them innovate and compete. A\*STAR will expand its efforts to support 400 companies over the next four years.

### **Improving Access to Intellectual Property (IP)**

B.40. For companies seeking access to intellectual property, **Intellectual Property Intermediary**, a SPRING affiliate, matches them with IP that meets their needs. It will work with the Intellectual Property Office of Singapore (IPOS) to analyse and bundle complementary IP from Singapore and overseas. A\*STAR also partners SMEs

through the Headstart Programme. The Headstart programme allows SMEs that co-develop IP with A\*STAR to enjoy royalty-free and exclusive licences for 18 months in the first instance. In response to industry feedback, this will be extended to 36 months.

### **Tech Access Initiative**

B.41. We will also support companies in the use of advanced machine tools for prototyping and testing, which may require costly specialised equipment. A\*STAR will provide access to such equipment, user training and advice under a new **Tech Access Initiative**.

B.42. The Ministers for Trade and Industry will elaborate at the COS.

### **Scaling Up Globally**

B.43. The third way to strengthen our enterprises is to help them scale up globally. Many Singapore-based firms already have a presence in other markets, often with support from IE Singapore. In 2016, IE Singapore supported companies in over 37,000 cases, a 9% increase from 2015.

### **International Partnership Fund**

B.44. To further support our firms to grow, we will continue to develop a smart financing ecosystem. We will commit up to \$600 million in Government capital for a new **International Partnership Fund**. The Fund will co-invest with Singapore-based firms to help them scale-up and internationalise.

### **Enhancement of Internationalisation Finance Scheme**

B.45. An important opportunity for our companies is the growing market for infrastructure development in emerging economies, especially

in Asia. However, there remain gaps in financial markets for project finance in the region. The Government will enhance its schemes to bridge these gaps, by catalysing private finance and sharing risks with financial institutions.

B.46. We set up Clifford Capital in 2012 to finance overseas projects by Singapore companies. To date, over \$2.4 billion have been committed.<sup>4</sup>

B.47. We will enhance IE Singapore's Internationalisation Finance Scheme to further support growth in this sector. We will catalyse private cross-border project financing to smaller Singapore-based infrastructure developers, by co-sharing the default risk of lower quantum non-recourse loans. We will also catalyse financing for projects undertaken by larger firms in higher-risk developing markets, by providing a share of the needed sovereign risk insurance coverage. Overall, these enhancements will enable more companies to take on more overseas projects. The Ministers for Trade and Industry will provide more details at the COS.

B.48. To sum up, these are the measures to help enterprises build capabilities to go international, go digital, and to innovate. (Refer to Annex A-4).

## **Deepening Our People's Capabilities**

B.49. Next, I will speak on how we will help our people deepen their capabilities.

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<sup>4</sup> US\$1.7 billion, converted at an exchange rate of US\$1 = S\$1.42 as at 17 February 2017.



B.50. Our people are valued for their skills and adaptability, and have enjoyed high employment rates and rising wages. We must build on these strengths. As the pace of change quickens, we will do more to help them stay ahead. I spoke earlier about how we will support those affected by economic restructuring, to re-skill to find new jobs. I will now touch on two areas: **new skills to operate overseas**; and **deepening skillsets to remain relevant in jobs**.

### **Building Capabilities to Operate Overseas**

#### **Global Innovation Alliance**

B.51. We will set up a **Global Innovation Alliance** for Singaporeans to gain overseas experience, build networks, and collaborate with their counterparts in other innovative cities. The Global Innovation Alliance will have three programmes.

B.52. First, the **Innovators Academy** will enable our tertiary students to build connections and capabilities overseas. We will build on the NUS Overseas College programme, which connects students to start-ups overseas. Many of these students have gone on to start companies or pursue interesting careers. The Innovators Academy will go further by making these opportunities available to students from other Singapore universities. We aim to grow the annual intake of students from 300 to 500 over the next five years.

B.53. Second, we will establish **Innovation Launchpads** in selected overseas markets. These create opportunities for our entrepreneurs and business owners to connect with mentors, investors and service providers.

B.54. Third, through **Welcome Centres**, innovative foreign companies can also link up with Singapore partners to co-innovate, test new products in Singapore, and expand in the region.

B.55. The Global Innovation Alliance is a novel collaboration among our educational institutions, economic agencies and businesses. In the initial phase, we will launch the Alliance in Beijing, San Francisco and various ASEAN cities. The Ministers for Trade and Industry will share more details at the COS.

### **SkillsFuture Leadership Development Initiative**

B.56. Firms that want to expand overseas need capable leaders who have spent time in these markets, with insights and connections that can help their businesses scale up globally. The **SkillsFuture Leadership Development Initiative** will support companies to groom Singaporean leaders by expanding leadership development programmes. This includes sending promising individuals on specialised courses and overseas postings. For a start, the programme will target to develop 800 potential leaders over the next three years.

B.57. I will set aside over **\$100 million to build capabilities under the Global Innovation Alliance and Leadership Development Initiative.**

### **Acquiring and Using Deep Skills in Jobs**

B.58. As our companies innovate and digitalise, we will also help our people acquire and use deep skills, taking the SkillsFuture movement further.

## **Increasing Accessibility of Training for all Singaporeans**

- B.59. To enhance training and make it more accessible, we will offer more short, modular courses, and expand the use of e-learning. Our universities, polytechnics and ITE have started offering such modular courses.
- B.60. Funding support for Singaporeans to take approved courses will continue to be available through SkillsFuture. In addition, union members can get subsidies for selected courses through the NTUC-Education and Training Fund. We have set aside \$150 million to match donations to the Fund.

## **Strengthening On-the-Job Skills Utilisation**

- B.61. Besides learning new skills, our people must also **apply and use these skills** on their jobs. This requires employers, Trade Associations and Chambers, or TACs, unions and the Government to work together.
- B.62. First, we must make sure that skilled workers are matched to where they can best use their skills. We will make **the National Jobs Bank** more useful for jobseekers and employers, and work with private placement firms to **deliver better job matching services** for professionals.
- B.63. Second, **employers, TACs, and unions should play an active role** in structuring training for workers. Some have been successful in this effort. For example, **SHATEC**<sup>5</sup> was set up by the Singapore Hotel Association over 30 years ago to provide hands-on training

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<sup>5</sup> SHATEC stands for the Singapore Hotel and Tourism Education Centre.

and certified courses. It has since helped to build up a skilled hospitality workforce, with its alumni winning accolades worldwide.

B.64. We hope more employers and TACs can do likewise. Employers and TACs who develop training programmes for their workers and the industry can receive funding support from SkillsFuture Singapore.

## **Partnerships for Shared Success**

B.65. I have spoken about how we will support the development of our enterprises and our people. Beyond developing individual capabilities, we must also come together in partnerships - share expertise, tackle common challenges and reinforce our mutual efforts.

### **Industry Transformation Maps**

B.66. To systematically facilitate such partnerships, I announced in last year's Budget a major initiative, the Industry Transformation Maps, or ITMs. The ITMs are integrative platforms, bringing together various stakeholders – TACs, unions, and Government – so as to align our efforts around a common plan to transform each sector. We will develop ITMs for 23 sectors, covering about 80% of our economy. Six have already been launched. We will keep this going at a good pace, and launch the remaining 17 within FY2017.

B.67. The ITMs help us to identify key enablers, which involve different stakeholders, to transform sectors. For example, the Centre of Innovation for Supply Chain Management at Republic Polytechnic

works with companies to level up their capabilities<sup>6</sup> and provides students with hands-on experience.

B.68. As I said last year, the ITMs are “live” plans that we will adjust along the way. Where we spot opportunities, including ones that do not fit any existing industry, we will adapt our ITMs to seize them. We must also maximise synergies between related ITMs, such as between the Food Services and Hotel industries.

B.69. Our companies, TACs and unions can play a key role in the success of our ITMs.

B.70. One example is Singtel. Singtel not only trains its IT services employees to transition into cyber security roles, it also works with CSA and the IMDA on the Cyber Security Associates and Technologists programme to develop mid-career talent for the broader cyber security industry. Singtel has also launched its Cyber Security Institute to train technical professionals, management and boards to better handle cyber breaches. It also engages students through internship programmes.

### **Government Enabling Growth and Innovation**

B.71. With the emphasis on innovation, Government agencies need to play enabling roles, to help realise new ideas.

### **Forward-Looking Regulations**

B.72. Our regulatory agencies must balance managing risk and creating the space to test innovations.

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<sup>6</sup> The Centre of Innovation for Supply Chain Management has completed more than 250 projects to help Singapore-based companies strengthen logistics capabilities. The Centre also develops new solutions, such as a last-mile urban transport planning system that generates delivery routes within seconds.

- B.73. For example, the Monetary Authority of Singapore (MAS) has just announced a simplified regulatory framework tailored to the needs of venture capital firms. This will give them greater flexibility, making Singapore more conducive to venture capital investment, thereby enhancing the supply of financing for start-ups.
- B.74. We can also create more space for innovation through **regulatory sandboxes**. This involves setting boundaries within which some rules can be suspended, to allow greater experimentation.
- B.75. The Land Transport Authority (LTA) has done this with self-driving vehicles, setting out specific zones where they can be tested on roads. Likewise, MAS has set up a regulatory sandbox for FinTech.
- B.76. Regulatory agencies will further explore how we can facilitate innovation. For instance, our regulators can make their **risk assessments** for new products and services **more swift and effective**. A good example is the Health Sciences Authority (HSA), which will be setting up a **priority review scheme to evaluate new and innovative medical devices**. This will accelerate the commercialisation process and make Singapore a preferred location to launch these devices.

### **Public Sector Construction Productivity Fund**

- B.77. We will also support our agencies to **procure products and services in a way that builds capabilities in the economy and supports innovation**.
- B.78. For example, in the Construction sector, we will introduce the **Public Sector Construction Productivity Fund**, with **about \$150 million**. It will allow Government agencies to procure innovative

and productive construction solutions, which may have higher costs as these solutions may be nascent and lack scale. The fund will allow these solutions to enter and gain traction in the market.

## Total Funding Support

- B.79. In addition to the funding for the measures mentioned earlier, I will top up the **National Research Fund** by **\$500 million**, to support innovation efforts, and the **National Productivity Fund** by another **\$1 billion**, to support industry transformation.
- B.80. All in, we are putting aside **\$2.4 billion over the next four years to implement the CFE strategies**. This will be over and above the \$4.5 billion set aside last year for the Industry Transformation Programme.
- B.81. Madam Speaker, may I have your permission to distribute materials to the Members in this House?

## C. A Quality Living Environment

### Developing a Vibrant and Connected City

- C.1. Even as the voices against globalisation rise, we must strive to remain a vibrant and well-connected city that is highly liveable for our people and businesses. In this way, our people will be constantly in touch with and be energised by new ideas, concepts, people, services and products from all over the world. We will continue to make **significant investments in critical economic infrastructure** such as the new Changi Airport Terminal 5, the Kuala Lumpur-Singapore High Speed Rail and the Tuas Terminal to deepen Singapore's connectivity to global markets.
- C.2. We will also invest in **shared infrastructure for economic clusters**, so that industry players can network, pool resources and share knowledge. Last year, I spoke about how the Jurong Innovation District would be an exciting development to live, work and innovate in. The upcoming growth cluster in Punggol will co-locate cyber security and digital industries, with industry collaborating closely with the nearby Singapore Institute of Technology.
- C.3. A vibrant city must also have **diverse social spaces** where people can come together, create shared experiences, and forge stronger bonds. We are currently working with the community to design the new Jurong Lake Gardens as our new national gardens in the heartlands. We will also continue to invest in more sports and arts facilities around the island. Beyond physical infrastructure, we are



also enhancing sports and arts programmes. I will share more on these efforts later.

## **Sustaining a Quality Environment for the Future**

- C.4. Our vibrant and connected city must also be sustainable and resilient. A high-quality living environment endears the city to its residents and visitors.
- C.5. Around the world, the effects of climate change, and air and water pollution are worsening public health and quality of life. These harmful effects transcend national boundaries. As an island, Singapore is vulnerable to rises in sea level due to climate change. Together with the international community, we have to play our part to protect our living environment. In doing so, we secure a better future not only for ourselves, but for generations to come.

### **Carbon Tax**

- C.6. Singapore has joined more than 130 countries, including China, Japan and South Korea, in having ratified the Paris Agreement, reaffirming our commitment to address climate change and reduce emissions. It is in our own interest to support the international coordination required to deal with an issue that affects all countries, and in particular, small island states like ours.
- C.7. There are different ways to reduce emissions. One is to ensure consumers understand the effects of their actions. So we have energy efficiency labels, like ticks on air-conditioners or refrigerators. Another is to regulate for higher standards. Singapore has good environmental protection standards and the Ministry of the Environment and Water Resources continues to ensure that

our regulations are up-to-date. But the most economically efficient and fair way to reduce greenhouse gas emissions is to set a **carbon tax**, so that emitters will take the necessary actions.

- C.8. Singapore has studied this option for several years. We intend to **implement a carbon tax on the emission of greenhouse gases**. We will consult widely with stakeholders, and aim to implement the carbon tax **from 2019**. The tax will generally be applied upstream, for example, on power stations and other large direct emitters, rather than electricity users.
- C.9. We are looking at a tax rate **of between \$10 and \$20 per tonne of greenhouse gas emissions**. This is in the range of what other jurisdictions have implemented. It will create a price signal to incentivise industries to reduce their emissions, complementing the regulatory measures which we are also introducing. It will help us to achieve our commitments to reduce emissions under the Paris Agreement, do so efficiently and at as low a cost to the economy as possible. This may also spur the creation of new opportunities in green growth industries such as clean energy. Revenue from the carbon tax will help to fund measures by industries to reduce emissions. The impact of the carbon tax on most businesses and households should be modest.
- C.10. The Government has started industry consultations and will continue to reach out. Public consultations will begin in March. The final carbon tax and exact implementation schedule will be decided after our consultations and further studies. We will take into consideration the lessons from other countries and prevailing

economic conditions in Singapore in implementation. We will also provide appropriate measures to ease the transition.

### **Restructuring Diesel Taxes**

C.11. Let me turn now to another source of environmental pollution – diesel. Apart from carbon emissions, diesel emits highly pollutive particulate matter and nitrogen oxides which are associated with an increased risk of lung cancer and respiratory infection<sup>7</sup>. The over-use of diesel vehicles has resulted in cities like London, Paris and Rome being enveloped in smog in recent years. Many of these cities have started taking action to reduce these harmful emissions. Athens, Madrid, Mexico City and Paris have announced plans to ban diesel vehicles from their city centres by 2025. Singapore must learn from these hard lessons.

C.12. Today, motor fuels such as petrol and compressed natural gas are taxed based on how much is used. This approach incentivises users to reduce consumption and manufacturers to develop more energy-efficient vehicles. However, for diesel, we levy a lump sum Special Tax on diesel cars and taxis, regardless of the amount of diesel used.

C.13. I will therefore restructure diesel taxes. I will introduce a volume-based duty at \$0.10 per litre on automotive diesel, industrial diesel and the diesel component in biodiesel. Taxing diesel according to usage incentivises users to reduce diesel consumption. At the same time, I will permanently reduce the annual Special Tax on

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<sup>7</sup> The International Agency for Research on Cancer (IARC) in the World Health Organisation (WHO) has found that exposure to particulate matter in diesel emissions is associated with an increased risk of lung cancer. Exposure to nitrogen oxides also increases the risk of respiratory infection and impairs lung functions in asthmatics.

diesel cars and taxis by \$100 and \$850 respectively. In this way, we shift from an annual amount of tax to one which is related to usage. These changes will take effect today.

C.14. The Special Tax reduction will offset the impact of diesel duty for the majority of drivers. I strongly urge taxi companies to pass on the Special Tax reduction to taxi drivers.

C.15. To help businesses adjust, I will provide 100% road tax rebate for one year, and partial road tax rebate for another two years, for commercial diesel vehicles. There will be additional cash rebates for diesel buses ferrying school children. For the large majority of vehicles, the first year's rebates will more than offset the diesel duty incurred in the same period. Details of the duty changes and offset measures are in the Annex. (Refer to Annex A-5).

### **Vehicular Emissions Scheme**

C.16. I will also adjust two vehicle incentive schemes to encourage the use of cleaner vehicles.

C.17. The current Carbon Emissions-based Vehicle Scheme, CEVS, was implemented in 2013 to encourage take-up of cars and taxis with low carbon emissions. We will replace this with a new Vehicular Emissions Scheme, which will consider four other pollutants on top of carbon dioxide, so as to account more holistically for the health and environmental impact of vehicular emissions. With this scheme, we hope to nudge car buyers towards cleaner and environmentally-friendly models.

C.18. The new Vehicular Emissions Scheme will run for two years, starting from 1 January 2018. We will review it before it expires. In

the interim, we will extend the current CEVS until 31 December 2017<sup>8</sup>.

### **Early Turnover Scheme**

- C.19. We will also enhance and extend the Early Turnover Scheme for commercial diesel vehicles. This Scheme was first introduced in 2013 to encourage the early replacement of older and more pollutive commercial diesel vehicles. Since then, vehicle owners have switched 27,000 vehicles to cleaner models.
- C.20. As the Scheme is due to expire on 31 July 2017, we will extend the scheme for vehicle owners who turn over their existing Euro II and III commercial diesel vehicles for Euro VI vehicles until 31 July 2019, and further enhance the Certificate of Entitlement (COE) bonus period for Light Goods Vehicles.
- C.21. The Minister for Transport and the Minister for the Environment and Water Resources will share more details at the COS.

### **Water Price Changes**

- C.22. Let me now speak about water. Water sufficiency is a matter of national survival. Imported water and local catchment water currently meet more than half of our water demand, but both sources depend heavily on weather conditions. To meet increasing water demand and strengthen the resilience of our water supply, we have invested in desalination and NEWater plants. These are costly but necessary investments which we must continue to make.

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<sup>8</sup> The current CEVS is due to expire on 30 June 2017.

- C.23. We have priced water to reflect the higher costs of desalination and NEWater production because every additional drop of water has to come from these two sources. The cost of water production and transmission has increased as we build more desalination and NEWater plants, and lay deeper pipes through an urbanised environment. Water prices were last revised in 2000, almost 20 years ago. We need to update our water prices to reflect the latest costs of water supply.
- C.24. We will increase water prices by 30% in two phases, starting from 1 July 2017. As part of the exercise, we will be restructuring the Sanitary Appliance Fee and the Waterborne Fee into a single, volume-based fee. This is more reflective of the volume of used water discharged. The details are in the Annex. (Refer to Annex B).
- C.25. For three-quarters of our businesses, the increase will be less than \$25 per month, once the increase is fully phased in on 1 July 2018. For 75% of households, the increase in monthly water bills will be less than \$18. We will have measures to help lower- and middle-income households manage this increase. I will give details later.
- C.26. Today, we impose a Water Conservation Tax on potable water, to promote conservation. To encourage the conservation of NEWater among industrial users, we will also impose a Water Conservation Tax on NEWater, which will be 10% of the NEWater tariff, starting from 1 July 2017.
- C.27. The various emissions and water-related measures in Budget 2017 are necessary to protect our living environment. These will help keep our home in good shape for future generations. It is the right thing to do, even though some of these measures will lead to

increases in household costs. The Government will help households, especially low income ones.

C.28. Before I speak on these household support measures, let me first speak on our measures to build a caring and inclusive society.

## D. A Caring and Inclusive Society

### Introduction

- D.1. We are building an inclusive and caring society – one where Singaporeans of all backgrounds can improve their lives, where the vulnerable are uplifted, and where people of all ages can look to the future with optimism.
- D.2. The Government will continue to support families, help the needy and catalyse community efforts. In the last decade, we have significantly increased our social spending and strengthened safety nets.<sup>9</sup> Many Singaporeans are also stepping forward to help others in need.
- D.3. However, our needs are growing. Our population is ageing, families are smaller and our social needs are more complex. Even as the Government strengthens direct support, more people need to help out. In many areas, the human connection is critical – taking care of loved ones and neighbours, volunteering for worthy causes, organising community events or raising donations. We must strengthen the *gotong-royong* spirit where each one of us does our part to help one another.

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<sup>9</sup> Education, healthcare and housing subsidies were enhanced. Schemes such as the Silver Support Scheme, the GST Voucher, Workfare and MediShield Life were introduced. Families with children benefitted from enhancements to the pre-school sector, and additional support for the costs of raising children. Social safety nets, such as ComCare, were also strengthened.



## Supporting Families

- D.4. Let me first speak about what we will do **to keep Singapore a Great Place for Families**. In the past two years, we enhanced parental leave<sup>10</sup> and grants for new-borns<sup>11</sup>.
- D.5. In this Budget, we will provide additional support for families, in the areas of housing, pre-school and post-secondary education.

### Increase in CPF Housing Grant

- D.6. Many couples start their lives together by applying for a BTO flat<sup>12</sup> which is highly subsidised.
- D.7. For others, a resale flat may better meet their needs. Some may wish to live near their parents. Some may prefer to move earlier into their own home. To help them, we will increase subsidies for those who buy their first HDB home from the resale market.
- D.8. With immediate effect, we will **increase the CPF Housing Grant** from \$30,000 to \$50,000 for couples who purchase 4-room or smaller resale flats, and from \$30,000 to \$40,000 for couples who purchase 5-room or bigger resale flats. Together with the Additional CPF Housing Grant and Proximity Housing Grant<sup>13</sup>, a couple can now receive a total of up to \$110,000 in housing grants when buying a resale flat, depending on the flat location, flat type

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<sup>10</sup> Fathers of Singapore citizen children born from 1 January 2017 are already eligible for the extra week of paternity leave. Parents of Singaporean citizen children born from 1 July 2017 will also benefit from the increased shared parental leave.

<sup>11</sup> Such as the Baby Bonus Cash Gift and the Child Development Account First Step Grant.

<sup>12</sup> This refers to Build-to-Order HDB flat.

<sup>13</sup> Lower-and middle-income couples can receive the Additional CPF Housing Grant of up to \$40,000. Those who choose to live with or near their parents can receive a further \$20,000 in the Proximity Housing Grant.

and their income. Other eligible first-timers will also benefit from some grant enhancement.

- D.9. This measure will cost an **additional \$110 million per year**. The Minister for National Development will announce other measures to help young families get their first home at the COS.

### **Enhancements to the Preschool Sector**

- D.10. We will improve the accessibility of pre-school.
- D.11. Over the last five years, we increased childcare places by over 40%, to about 140,000. Now, there are enough places for more than half of all children between 18 months and six years of age. All receive Government subsidies.
- D.12. We will provide more support for those with infants, that is, children under 18 months of age. At present, about 4,000, or 8% of all infants are enrolled in centre-based infant care. To meet growing demand, we will increase the **capacity of centre-based infant care** to over 8,000 places by 2020.
- D.13. The Minister for Social and Family Development will give more details at the COS. The Senior Minister of State in charge of Population issues at the Prime Minister's Office will also speak about our efforts to keep Singapore a Great Place for Families.

### **Enhancement of Bursaries for Post-Secondary Education Institutions**

- D.14. We will **increase annual bursary amounts for those attending Post-Secondary Education Institutions, or PSEIs**. The amount of increase will be up to \$400 for undergraduate students, up to \$350 for diploma students, and up to \$200 for ITE students. For

ITE students, existing bursaries already more than cover their course fees.

D.15. Next, we will **extend PSEI bursaries to more families**, by revising the income eligibility criteria. About 12,000 more Singaporean students are expected to benefit, bringing the total number of beneficiaries to 71,000.

D.16. In total, PSEI bursaries will increase from about \$100 million to **\$150 million** per year. The Minister for Education (Higher Education and Skills) will provide more details at the COS.

### **Household Support Measures**

D.17. Let me now speak of how we will assist households with their expenses.

#### **Increase in GST Voucher – U-Save**

D.18. Earlier, I said that we would help households offset some of the increase in water prices. We will **increase the GST Voucher – U-Save Rebate** for eligible HDB households, by an amount ranging from \$40 to \$120, depending on flat type, as seen in the table. This increase will be permanent.

D.19. Families living in 1- and 2-room HDB flats will receive \$380 of U-Save rebates each year compared to \$260, while families living in 3- and 4-room HDB flats will receive \$340 and \$300 per year respectively, compared to \$240 and \$220 .

D.20. Taking into account these higher U-Save rebates, 75% of all HDB households will see an average increase of less than \$12 in their monthly water expenses. 1- and 2-room HDB households will on average have no increase in their water expenses.

D.21. About 880,000 HDB households will benefit. This will **cost an additional \$71 million each year.**

Table 2 Permanent Increase in GST Voucher – U-Save

HDB Flat Type	Current Annual Rebate (\$)	Increase in Annual Rebate (\$)	Revised Annual Rebate (\$)
1- and 2-room	260	120	380
3-room	240	100	340
4-room	220	80	300
5-room	200	60	260
Exec/Multi-gen	180	40	220

D.22. The U-Save rebate will soften the impact of the water price increase. Even as we provide this assistance, we should not lose sight of the scarcity of water, and thus should conserve it.

### **One-off GST Voucher – Cash Special Payment**

D.23. To help lower income households with expenses, we will provide a **one-off GST Voucher – Cash Special Payment** of up to \$200 for eligible GST Voucher – Cash recipients. This is in addition to the regular GST Voucher – Cash. In total, eligible Singaporeans can receive up to \$500 in cash for 2017, as seen in the table.

D.24. The one-off Special Payment will **cost about \$280 million** and benefit more than 1.3 million Singaporeans.

Table 3 GST Voucher Cash Special Payment

Assessable Income for YA2016 ≤ \$28,000	Annual Value of Home as at 31 December 2016	
<b>Aged 21 years and above</b>	<b>Up to \$13,000</b>	<b>\$13,001 to \$21,000</b>
<b>GSTV – Cash (Regular) (\$)</b>	300	150
<b>GSTV – Cash Special Payment (\$)</b>	200	100
<b>Total (\$)</b>	<b>500</b>	<b>250</b>

**Extension and Increase of S&CC Rebate**

D.25. We will also extend the **Service and Conservancy Charges (S&CC) rebate, and raise it by 0.5 months for FY2017**. As seen in the table, this year, we will provide 1.5 to 3.5 months of S&CC rebate to eligible HDB households. 1- and 2-room HDB households will receive a total of 3.5 months of rebates, while 3- and 4-room households will receive 2.5 months of rebates.

D.26. This will cost the Government **\$120 million** and benefit about 880,000 HDB households.

Table 4 S&CC Rebate for FY2017

HDB Flat Type	FY2017 S&CC Rebate (Number of Months)
1- and 2-Room	3.5
3- and 4-Room	2.5
5-Room	2
Executive / Multi-Generation	1.5

## Personal Income Tax Rebate

D.27. Finally, I will give a **Personal Income Tax Rebate** of 20% of tax payable, capped at \$500, for tax residents for YA2017 (i.e. for income earned in 2016). This will give households a reduction in their tax bills for this year. The rebate will cost the Government **\$385 million**.

## Total Household Support

D.28. In total, we will provide **additional support of over \$850 million this year to help households with their expenses**. (Refer to Annex C).

## Top-ups to Funds

D.29. To support the increase in U-Save I announced earlier and other future GST Voucher payments, I will make a **\$1.5 billion** top up to the **GST Voucher Fund**.

D.30. Since the last top-up in FY2013, **Medifund** utilisation has increased by an average of 9% per year from FY2013 to FY2015. I will therefore also top up Medifund by **\$500 million**, bringing the total fund size to \$4.5 billion.

D.31. In addition, I will top up the **ComCare Fund** by **\$200 million**. This fund supports families and individuals in need.

## Building an Inclusive Society

D.32. I will now speak on measures to foster a caring and inclusive society.

D.33. All of us can play a part in our communities. All of us have something to offer, be it time, expertise or the extra attention, to

care for each other. It takes all of us to build an inclusive society. Let me first touch on how we will increase support for Persons with Disabilities and people with mental health conditions.

### **Enabling Masterplan 3**

- D.34. The Enabling Masterplans are 5-year national plans to support persons with disabilities and their caregivers. Under the two previous Masterplans, we increased support in areas such as early intervention and education, employment, care services, assistive technologies and accessibility.
- D.35. We will launch the **Third Enabling Masterplan**, which was put together by a committee of private and public sector representatives. The Masterplan calls for the Government and the community to better integrate Persons with Disabilities into the workforce, and to give more support to their caregivers.
- D.36. Today, higher-functioning graduands from Special Education schools who can work are matched to special training programmes, to prepare them for employment. We will make these training programmes available to not only graduands with mild intellectual disability and autism, but also those with moderate intellectual and multiple disabilities.
- D.37. To support caregivers, we will set up a Disability Caregiver Support Centre to provide information, planned respite, training and peer support groups. The Centre will also work with VWOs to pilot programmes catering to caregivers of newly-diagnosed Persons with Disabilities.

D.38. Including existing initiatives, we expect to spend around **\$400 million** per year on initiatives supporting Persons with Disabilities. The Minister for Social and Family Development will elaborate at the COS.

### **Community Mental Health**

D.39. We must also rally around **those with mental health conditions**, including dementia. Mental health issues may not be easy to talk about, but we can make good progress when the community comes together.

D.40. Since 2012, MOH has partnered VWOs to set up 36 teams that provide outreach and allied health support in the community. Last year, MOH also launched Dementia Friendly Communities in Hong Kah North, MacPherson and Yishun. These communities are networks of residents, businesses and services trained to look out for and help those with symptoms of dementia.

D.41. We will resource VWOs to set up more community-based teams to support those in need, as well as educate the public on mental health issues. MOH will provide mental health care services in polyclinics, as part of its broader effort to improve the delivery of care within the community.

D.42. We will also involve the wider community, and expand the number of Dementia Friendly Communities. The National Council for Social Services will also lead efforts to integrate persons with mental health issues at the workplace and in wider society.



D.43. As part of our Community Mental Health efforts, we will spend an additional **\$160 million in the next five years**. The Minister for Health will elaborate during the COS.

## Strengthening Community Bonds

D.44. Beyond supporting families and those with greater needs, this Budget also aims to **strengthen community bonds**.

### VWOs-Charities Capability Fund

D.45. Since 2002, the **VWOs-Charities Capability Fund** has helped VWOs and charities train their staff, expand their reach, and serve people better. So far, we have committed over \$180 million of funding. This has helped around 400 VWOs and charities. Over the **next five years**, we will provide additional funding, **up to \$100 million in total**, to further develop the capabilities of our VWOs and charities. The Minister for Social and Family Development will provide further details at the COS.

### Grants to Self-Help Groups

D.46. Our **Self-Help Groups** have also been doing good work, working closely with the community to help needy families and children. To enable them to do more, I will provide an additional **\$6 million** grant to the Self-Help Groups over the **next two years**.

### Community Sports and Sports Excellence

D.47. One way we bring our society together is through sports – be it playing sports with friends and neighbours, or cheering on our sportsmen and women. Last year, we cheered our Olympic and Paralympics athletes who gave their very best, and did us proud. It was Team Singapore at its finest!

- D.48. We will do more to make it easier for all Singaporeans to participate in sports. **Over \$50 million has been set aside to support community sports.** We will **expand the Sports-In-Precinct Programme**, so that more Singaporeans can play sports near their homes. We will also expand the **SportCares Programme**, which encourages disadvantaged youth to discover their strengths through sports.
- D.49. To help aspiring athletes reach their full potential, we will commit an additional **\$50 million in grants** over five years. On top of that, we will provide up to **\$50 million to match sports donations dollar-for-dollar**. This will build a wider base of support for Team Singapore. The Minister for Culture, Community and Youth will provide more details at the COS.

### **Cultural Matching Fund**

- D.50. Like sports, cultural activities build bonds among our people. Increasingly, many people not only visit museums and attend performances, but also participate actively as docents and donors. The **Cultural Matching Fund** currently provides dollar-for-dollar matching for donations to cultural institutions. Since the Fund was implemented in 2014, about \$150 million has been committed, and donations to arts and heritage causes have more than doubled.
- D.51. To sustain this momentum, I will top up the Cultural Matching Fund by **\$150 million**.

## **E. A Sustainable Fiscal System**

### **Starting from a Strong Base**

- E.1. Budget 2017 is an investment in our economic transformation and social resilience. We will continue to invest in security measures to keep Singaporeans safe, and in infrastructure to support economic growth and improve quality of life.
- E.2. We have been able to commit to these medium-term investments, because we have a sustainable fiscal system. Previous generations planned ahead and set aside savings when our economy was growing rapidly. We now benefit from the returns on our reserves.
- E.3. At the same time, our pro-growth and progressive tax system has given us a steady revenue stream. Together, these have allowed us to fund new priorities without cutting back in essential areas.

### **Preparing for the Future**

#### **Managing our Expenditure Needs**

- E.4. In the coming years, we expect expenditure needs to rise rapidly, particularly in healthcare and infrastructure.
- E.5. Over the last five years, our annual healthcare spending has more than doubled to around \$10 billion in FY2016 as we enhanced subsidies, and expanded healthcare services. Healthcare spending will continue to rise as our population ages.
- E.6. We will also continue to enhance our public transport infrastructure, almost doubling the MRT network by 2030. This will put 8 in 10 households within a 10-minute walk of a rail station. This alone is

expected to cost the Government more than \$20 billion over the next five years.

E.7. The new Changi Terminal 5 is another critical national infrastructure that will cost tens of billions of dollars. Changi Airport is our gateway to the world. By enhancing our connectivity, we expand opportunities for our people.

E.8. In the longer term, we must also prepare to upgrade and renew existing infrastructure, to keep Singapore a good home. As these projects are costly, we have to plan ahead.

### **Prudent and Effective Public Spending**

E.9. With our spending needs increasing, the Government must continue to spend judiciously, emphasise value-for-money and drive innovation in delivery. We can do better – and more – with less.

E.10. We will apply a **permanent 2% downward adjustment to the budget caps** of all Ministries and Organs of State from FY2017 onwards, to emphasise the need to stay prudent and effective. For four ministries that are serving security needs, or significantly expanding their services – namely Home Affairs, Defence, Health and Transport – the 2% adjustment will be phased in over FY2017 and FY2018.

E.11. Some of the funds will be used for cross-agency projects that deliver value to citizens and businesses. Examples include initiatives by the Municipal Services Office.

## *Maintaining a Pro-growth and Progressive Revenue Base*

- E.12. Madam Speaker, apart from managing our resources prudently, we must grow our revenues to finance our growing expenditures.
- E.13. Growing our economy is the first and most important step to increasing our revenues sustainably. We need to achieve this growth by implementing the strategies set out in the CFE.
- E.14. Next, we need to strengthen our revenue base in a pro-growth and progressive manner. Over the past five years, we have revised our tax structure as well as the Net Investment Returns framework to ensure that we have sufficient revenue for our increased spending needs till 2020.
- E.15. Like all Finance Ministers before me, it is my duty to take the long view. Our domestic needs will grow over time, and the global environment will shift. We must study the implications and prepare our options early.

### **Base Erosion and Profit Shifting Project**

- E.16. One international development affecting tax systems worldwide is the **Base Erosion and Profit Shifting, or BEPS, project**. The BEPS project seeks to ensure that companies are taxed where substantive economic activities are performed. Singapore supports this principle. We are, in consultation with businesses, refining our schemes and implementing the relevant standards.
- E.17. Countries, large and small, are also reviewing their corporate tax regimes to keep them competitive. With increasing digital transactions and cross-border trade, some countries have taken steps to adjust their GST system, to ensure a level playing field

between their local businesses which are GST-registered, and foreign-based ones which are not. We are studying how we can do likewise.

### **Preparing for Rising Domestic Needs**

E.18. Domestically, we will also face rising expenditures over the longer term, as we invest more in healthcare and infrastructure. We will have to raise revenues through new taxes or raise tax rates. We are studying the options carefully. We must make these decisions in good time, to ensure that our future generations remain on a sustainable fiscal footing. As the Chinese idiom goes, 未雨綢繆, let us thatch the roof before it rains.

### **Other Tax Measures to Help Businesses**

E.19. Finally, let me move on to the remaining tax measures in this Budget.

E.20. I will extend and strengthen tax incentives to enhance our business competitiveness, such as in the financial and global trading sectors. The details are in the Annex. (Refer to Annex A-5).

### **Tiered Additional Registration Fees for Motorcycles**

E.21. I shall introduce refinements to vehicle taxes for motorcycles. Today, all motorcycles incur the same **Additional Registration Fee**, or ARF, at 15% of their Open Market Value (OMV). A small but rising number of buyers are buying expensive motorcycles – their motorcycles have OMVs similar to those of small cars. Just as we introduced tiers to the ARF for cars in 2013 to improve progressivity, I will introduce two more tiers for more expensive motorcycles. The ARF for motorcycles with OMV up to \$5,000 will

remain at the current 15%. The next \$5,000 of motorcycle OMV will be subject to an ARF rate of 50%. The remaining motorcycle OMV beyond \$10,000 will be subject to an ARF rate of 100%.

E.22. Based on today's registration trends, we expect that more than half of new motorcycle buyers will continue to pay the current ARF rate of 15%.

E.23. The tiered ARF will apply to motorcycles registered with COEs obtained from the second February COE bidding exercise onwards. Details are in the Annex. (Refer to Annex A5).

E.24. As a complementary measure, the Ministry of Transport will **cease the contribution of motorcycle COE quota to open category COE quota**. This will help address the gradual decline in motorcycle population, as very few open category COEs have been used to register motorcycles.

## **F. Budget Position**

### **FY2016 Budget Position**

- F.1. Let me now summarise our overall budget position. For FY2016, we expect a budget surplus of \$5.2 billion, or 1.3% of GDP. This is higher than the surplus of \$3.4 billion, or 0.8% of GDP, budgeted a year ago.
- F.2. Nevertheless, when we exclude Government's top-ups to funds and Net Investment Returns Contribution from past reserves, we expect a basic deficit of \$5.6 billion, or 1.4% of GDP. FY2016 was hence an expansionary budget.

### **FY2017 Budget Position**

- F.3. In FY2017, the Government's budget remains expansionary. Ministries' expenditures are expected to be \$3.7 billion, or 5.2%, higher than in FY2016.
- F.4. Overall, a smaller budget surplus of \$1.9 billion, or 0.4% of GDP, is expected in FY2017. As we expect expenditures to continue rising in the long term, this budget position is prudent, while supporting firms and households in the midst of continued economic restructuring. (Refer to Annex D).



## **G. Conclusion**

- G.1. Madam Speaker, let me conclude. Budget 2017 outlines how we can thrive in an uncertain and rapidly changing world. It is a call for us to pull together – the Government, firms, unions, community organisations and individuals, with everyone doing his part. Our bonds will help us develop greater resilience in the face of unexpected shifts and improve our ability to adapt.
- G.2. On the economic front, Budget 2017 sets out some support measures to address near-term concerns, particularly for sectors currently facing cyclical headwinds. It also sets out how we will implement our medium-term economic strategies to create new opportunities and jobs. We will build capabilities in our firms and workers – so they can operate well internationally, use digital technology and innovate. We will strengthen partnerships across the economy, with Government playing an enabling role and drawing different stakeholders together to align efforts.
- G.3. Budget 2017 also reaffirms our commitment to keep Singapore a vibrant city with a quality living environment. We will study a carbon tax, change the tax structure for diesel, and adjust vehicle incentive schemes. We will also increase the price of water to reflect the latest costs of water supply. At the same time, we will provide support to lower income households.
- G.4. On the social front, Budget 2017 supports families who wish to buy a home, enjoy the joys of parenthood and help their children through post-secondary education. It also takes further steps towards building an inclusive society, for Persons with Disabilities and those with mental health conditions. Just as importantly, this

Budget will strengthen community bonds and partnerships among Government, community organisations and individuals, to build a better society together.

- G.5. I want to take a moment to applaud the good work done by the thousands of volunteers, working in partnership with Government agencies. Government schemes and funding can play a supporting role, but it is ultimately human relationships and community bonds that build a society. Only through concerted partnership between Government and people can we realise our vision of a caring and inclusive society.
- G.6. We will do all this while maintaining fiscal discipline. This will lay a sustainable foundation for future generations to thrive.
- G.7. Our future is full of promise. Singaporeans are chasing their dreams in various fields and are excelling on the international stage.
- Mathew Tham topped the Young Chef Olympiad.
  - Ding Eu-Wen won an international design award for his smart bicycle helmet.
  - Nathan Hartono did us proud at the Sing! China competition.
  - Nur Syahidah Alim won double gold medals in archery at the ASEAN Para Games.
  - Yip Pin Xiu won multiple medals at the Paralympics, and
  - Joseph Schooling, was our first Olympic gold medallist.

This strong, can-do spirit will serve us well in the years ahead.

- G.8. Let us go forward together.

G.9. Madam Speaker, I beg to move.

## **ANNEX A-1: FOREIGN WORKER LEVY (FWL) CHANGES**

In Budget 2017, we will take a calibrated approach based on sector-specific conditions.

### **(A) Construction sector - Proceed with FWL increases for Work Permit Holders**

- Levy rates for Basic tier R2 workers will be raised from the current \$650 to \$700 on 1 July 2017, as first announced during Budget 2015.
- These rates will apply from 1 July 2017 to 30 June 2019.

### **(B) Marine and Process sectors - Defer levy hikes for Work Permit Holders**

- No change in foreign worker levy for one more year, from 1 July 2017 to 30 June 2018. The levy rates for Marine sector Basic tier R1 and R2 workers will remain at \$300 and \$400 respectively. The levy rates for Process sector Basic tier R2 workers will remain at \$450. The levy rates for Process sector MYE-Waiver tier R2 workers will remain at \$750.

### **(C) Other sectors and S Pass holders – Levy rates remain unchanged**

- There will be no change to Work Permit levies in the Manufacturing and Services Sector for 2017.
- There will also be no change to levy rates for S Pass holders.

See Table 1 for the FWL rates for 2017 and 2018.

### **More information**

For queries, please contact the MOM hotline at 6438 5122.

For queries related to the Construction sector, please email BCA at [BCA\\_FWP@bca.gov.sg](mailto:BCA_FWP@bca.gov.sg) or call 1800-3425222.

Table 1: Work Permit Holders Levy Schedule

Sector	Tier	Sector Dependency Ratio (DR)	Levy Rates (\$) (R1/R2) Current	Levy Rates (\$) (R1/R2) 1 July 2017	Levy Rates (\$) (R1/R2) 1 July 2018
<b>Construction</b>	Basic tier	≤ 87.5%	300 / 650	300 / 700	300 / 700
	MYE-Wavier		600 / 950	600 / 950	600 / 950
<b>Services</b>	Basic tier	≤ 10%	300 / 450	300 / 450	
	Tier 2	10-25%	400 / 600	400 / 600	
	Tier 3	25-40%	600 / 800	600 / 800	
<b>Marine</b>	Basic tier	≤ 83.3%	300 / 400	<del>350 / 500</del> <b>300 / 400<sup>^</sup></b>	
<b>Process</b>	Basic tier	≤ 87.5%	300 / 450	<del>300 / 500</del> <b>300 / 450<sup>^</sup></b>	
	MYE-Wavier		600 / 750	<del>600 / 800</del> <b>600 / 750<sup>^</sup></b>	
<b>Manufacturing</b>	Basic tier	≤ 25%	250 / 370	250 / 370	
	Tier 2	25-50%	350 / 470	350 / 470	
	Tier 3	50-60%	550 / 650	550 / 650	

^Numbers *in red* are the revised levy rates.

## **ANNEX A-2: STRENGTHENING SUPPORT FOR WORKERS IN TRANSITION**

In Budget 2017, we will strengthen key programmes under the Adapt and Grow initiative for Professionals, Managers, Executives and Technicians (PMETs) and Rank-and-File workers in transition.

### **(A) Enhancement of Career Support Programme (CSP)**

The CSP provides wage support for employers to hire mature and retrenched, or long-term unemployed<sup>1</sup> Singapore Citizen PMETs into mid-level PMET jobs. **The CSP will be enhanced, for employers who hire mature PMETs, as well as to help more SMEs to qualify for the support.**

### **(B) Enhancement of Professional Conversion Programme (PCP)**

The PCP helps PMET job seekers re-skill to take on new careers, through providing training subsidies and salary support. Under the PCP, individuals are employed by companies and undergo a period of training to acquire the skills required. **The PCP will be enhanced to enable more mid-level career conversions to take place.**

### **(C) Introduction of “Attach and Train”**

To facilitate more career conversions under PCP, Workforce Singapore (WSG) will work with industry partners to re-skill jobseekers to take on new careers ahead of employment under a new “Attach and Train” initiative. **This will be introduced in sectors with good growth potential.**

### **(D) Enhancement of Reskilling for Jobs – Work Trial Programme**

The Reskilling for Jobs – Work Trial helps Rank-and-File job seekers and prospective employers to assess job fit through a short term work stint. WSG will enhance the programme to provide for a longer trial period, especially for long-term unemployed and persons with disabilities who may need more time to assimilate in their new jobs. Additional retention incentive and wage support will also be extended to those unemployed for more than 12 months to encourage hiring of these individuals.

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<sup>1</sup> Defined as being unemployed and seeking employment for six months or more

The Ministry for Manpower will provide full details on enhancements to the Adapt and Grow initiative at the Committee of Supply.

More information

For more information, members of the public can contact Workforce Singapore at 6883-5885 or visit [portal.ssg-wsg.gov.sg](http://portal.ssg-wsg.gov.sg).

**ANNEX A-3: EXTENSION OF  
ADDITIONAL SPECIAL EMPLOYMENT CREDIT**

The Additional Special Employment Credit (ASEC) provides wage offsets to employers hiring older Singaporean workers earning up to \$4,000 a month, who are older than the re-employment age<sup>1</sup>. This is on top of the Special Employment Credit (SEC) of up to 8% for eligible Singaporean workers aged 55 and above.

The Government will extend the ASEC for two and a half years, from 1 July 2017 to 31 December 2019. This will: (i) continue to support workers older than the re-employment age, and (ii) support those who are above 65 years old as of 1 July 2017 and hence not covered by the increase in re-employment age to 67. Table 1 explains who is eligible for ASEC, and when they are eligible for it.

Table 1: Eligibility for the ASEC

<b>Age Criteria</b>		<b>Period of Eligibility for ASEC</b>
<b>Date of Birth</b>	<b>Age as of 1 July 2017</b>	
Before 1 July 1952  <i>(not covered by the new re-employment age)</i>	65 or older	In the month they turn 65, till 31 December 2019
On or after 1 July 1952  <i>(covered by the new re-employment age until they turn 67)</i>	Younger than 65	In the month they turn 67, till 31 December 2019

Example 1: Worker whose date of birth is before 1 July 1952

- An employer hiring a Singaporean worker born on 15 March 1951 (i.e. age 66 as of 1 July 2017) would already have been receiving ASEC wage offsets for this worker since March 2016 (i.e. the month the worker turned 65).
- With the extension of the ASEC from 1 July 2017 to 31 December 2019, if the worker is employed during this period, his employer will continue to be eligible for ASEC wage offsets between July 2017 and December 2019.

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<sup>1</sup> The current re-employment age is 65 years. It will be raised to 67 years on 1 July 2017.



### Example 2: Worker whose date of birth is on or after 1 July 1952

- An employer hiring a Singaporean worker born on 15 September 1952 (i.e. age 64 as of 1 July 2017) will be eligible for ASEC wage offsets between September 2019 (i.e. the month in which the worker turns 67) and December 2019, if the worker is employed during this period. (This worker would already have been covered by the new re-employment age up to 67.)

The extended ASEC will benefit about 120,000 workers and about 55,000 employers. The Special Employment Credit Trust Fund will be topped up by \$160 million to fund the ASEC for eligible employees from 1 July 2017 until 31 December 2019.

### Quantum of ASEC

Employers who hire eligible workers with monthly wages of not more than \$3,000 per month will receive ASEC of 3% of their eligible employees' monthly wages. A lower ASEC is provided for workers who earn between \$3,000 and \$4,000.

More details are given in Table 2.

Table 2: Formula for SEC and ASEC Payout

Wage of Employee in a Given Month	Payout for the Month for Each Employee		
	ASEC	SEC*	Total
Up to \$3,000	3% of wage	8% of wage	11% of wage
Between \$3,000 and \$4,000	$\$360 - (0.09 \times \text{wage})$	$\$960 - (0.24 \times \text{wage})$	$\$1,320 - (0.33 \times \text{wage})$
\$4,000 and above	Not available		

\* SEC was extended from 1 January 2017 to 31 December 2019, as announced in Budget 2016

*For instance:*

- *For an eligible older worker earning \$2,800 per month, an employer would receive a total payout of \$308, consisting of SEC of \$224 and ASEC of \$84.*
- *For an eligible older worker earning \$3,500 per month, an employer would receive a total payout of \$165, consisting of SEC of \$120 and ASEC of \$45.*

To better support the employment of Persons with Disabilities (PWDs), employers who hire PWDs receive double the combined monthly SEC and ASEC. The combined monthly SEC and ASEC will be capped at \$330 per eligible PWD.

## When will the ASEC be paid?

The extended ASEC will apply to employees on the payroll from 1 July 2017 to 31 December 2019. Together with SEC, it will be paid twice a year, in March and September. Eligibility for ASEC is automatically assessed based on the regular monthly CPF contributions that employers make for their employees. More details are given in Table 3.

Table 3: Timeline and Payment Dates for SEC & ASEC

<b>Employees on Payroll (2017 to 2019)</b>	<b>Deadline for Employers to make CPF Contributions to Receive SEC and ASEC</b>	<b>Payment Date for SEC and ASEC</b>
January to June	14 <sup>th</sup> of the subsequent month E.g. 14 <sup>th</sup> February for employees on the January payroll	September of the current year
July to December	14 <sup>th</sup> of the subsequent month E.g. 14 <sup>th</sup> January of the following year for employees on the December payroll	March of the following year

Employers will automatically receive the ASEC payments in the bank accounts from which they make GIRO payments of their employees' CPF contributions. Employers without a valid GIRO arrangement with the CPF Board will receive the ASEC by cheque.

### More information

Members of the public may visit [www.sec.gov.sg](http://www.sec.gov.sg) or email: [sec@mom.gov.sg](mailto:sec@mom.gov.sg) or contact the Special Employment Credit team at 1800-2222-888 for more information.

## **ANNEX A-4: STRENGTHENING SUPPORT FOR FIRMS TO INNOVATE, SCALE UP AND INTERNATIONALISE**

### **A\*STAR Support for Innovation**

To support firms in their efforts to innovate, A\*STAR will embark on the following efforts:

#### **(A) Operation and Technology Road-mapping**

A\*STAR will scale up its Operation and Technology Road-mapping initiative to help local firms develop strategic technology roadmaps that are aligned to their business goals and strategies. It will build up capacity to support 400 companies over the next four years, by partnering Trade Associations and Chambers such as the Singapore Manufacturing Federation and Singapore Precision Engineering and Technology Association.

#### **(B) Headstart Programme**

Under the Headstart programme, SMEs that enter into a Research Collaboration Agreement with A\*STAR can enjoy royalty-free and exclusive IP licenses for 18 months in the first instance. With immediate effect, A\*STAR will extend this to 36 months.

#### **(C) Tech Access Initiative**

To support companies in the use of advanced machine tools for prototyping and testing, A\*STAR will provide access to its installed base of specialised equipment. The available equipment may range from inspection tools to more advanced equipment such as robotised 3D scanners and high pressure cold sprays for additive manufacturing. Firms will be trained to use the equipment.

Further details of the scheme, such as the list of Tech Access equipment, will be made available on A\*STAR's website by September 2017.

### **More information**

For more information on A\*STAR's support for innovation, please contact A\*STAR at [A-STAR\\_SME@a-star.edu.sg](mailto:A-STAR_SME@a-star.edu.sg).

### **International Partnership Fund**

To support Singapore-based firms to scale up and internationalise, the Government will set aside up to \$600 million for the International Partnership Fund. The Fund will co-invest alongside Singapore-based firms in opportunities for scale-up and internationalisation, with a focus on Asian markets. Such joint investment would allow Singapore-based firms to partner other promising Asian companies to extend product lines, brands or value chains, or to gain access to markets, channels and technologies.

Qualifying Singapore-based firms should be headquartered in Singapore with annual revenues of no higher than \$800 million.

More information

The International Partnership Fund will be managed by Heliconia Capital Management Pte Ltd. Interested companies may contact Heliconia at [enquiries@heliconiacapital.com](mailto:enquiries@heliconiacapital.com) for more information.

## **ANNEX A-5: TAX CHANGES**

### **Tax Changes for Businesses**

<b>S/N</b>	<b>Name of Tax Change</b>	<b>Current Treatment</b>	<b>New Treatment</b>
<b>Providing Near-term Support for Businesses</b>			
1	Enhancing and Extending the Corporate Income Tax (“CIT”) Rebate	Companies enjoy a 50% CIT Rebate for Year of Assessment (“YA”) 2016 and YA2017, with a cap of \$20,000 rebate per YA.	To help companies cope with the economic uncertainty and continue restructuring, the CIT Rebate will be enhanced and extended:  (a) CIT Rebate cap will be raised from \$20,000 to \$25,000 for YA2017 (with the rebate rate unchanged at 50%); and  (b) CIT Rebate will be extended for another year to YA2018, but at a reduced rate of 20% of tax payable and capped at \$10,000 rebate.
<b>Strengthening the Competitiveness of the Financial Sector</b>			
2	Extending the Withholding Tax (“WHT”) exemption on payments made to non-	WHT exemption is allowed on payments made to non-resident non-individuals for structured products offered by FIs for contracts that take	To continue promoting Singapore as a financial hub, the qualifying period for the WHT exemption on payments made to non-

S/N	Name of Tax Change	Current Treatment	New Treatment
	resident non-individuals for structured products offered by Financial Institutions (“FIs”)	effect, are renewed or extended during the qualifying period from 1 January 2007 to 31 March 2017, subject to conditions.	resident non-individuals for structured products will be extended till 31 March 2021.  All other conditions of the scheme remain the same.
3	Extending the Tax Incentive Schemes for Project and Infrastructure Finance	<p>The package of tax incentive schemes for Project and Infrastructure Finance includes:</p> <p>(a) Exemption of qualifying income from qualifying project debt securities (“QPDS”);</p> <p>(b) Exemption of qualifying income from qualifying infrastructure projects/assets received by approved entities listed on the Singapore Exchange (“SGX”);</p> <p>(c) Concessionary tax rate of 10% on qualifying income derived by an approved Infrastructure Trustee</p>	<p>With the exception of the stamp duty remission in (d), the existing package of tax incentive schemes for Project and Infrastructure Finance will be extended till 31 December 2022.</p> <p>The stamp duty remission in (d) will be allowed to lapse after 31 March 2017.</p> <p>All other conditions of the schemes remain the same.</p> <p>MAS will release further details of the extension by May 2017.</p>

S/N	Name of Tax Change	Current Treatment	New Treatment
		<p>Manager/Fund Management Company from managing qualifying SGX-listed Business Trusts/ Infrastructure funds in relation to qualifying infrastructure projects/assets; and</p> <p>(d) Remission of stamp duty payable on the instrument of transfer relating to qualifying infrastructure projects/assets to qualifying entities listed, or to be listed, on the SGX.</p> <p>The scheme is scheduled to lapse after 31 March 2017.</p>	
<b>Simplifying and Rationalizing our Tax Regime</b>			
4	Introducing an Intellectual Property (“IP”) Regime that encourages the exploitation of IP arising from research &	Currently, the Pioneer-Services/Headquarters Incentive and the Development and Expansion Incentive-Services/Headquarters	To encourage the use of IPs arising from taxpayer’s R&D activities, IP income will be incentivised under a new IP Regime named the IP Development Incentive (“IDI”). The

S/N	Name of Tax Change	Current Treatment	New Treatment
	development (“R&D”) activities of the taxpayer	covers IP income if the IP income arises from qualifying activities.	<p>IDI incorporates the BEPS-compliant modified nexus approach.</p> <p>Accordingly, such income will be removed from the scope of Pioneer–Services/Headquarters Incentive and the Development and Expansion Incentive–Services/Headquarters for new incentive awards approved on or after 1 July 2017. Existing incentive recipients will continue to have such income covered under their existing incentive awards till 30 June 2021.</p> <p>The IDI will take effect on or after 1 July 2017, and will be administered by EDB.</p> <p>EDB will release further details of the change by May 2017.</p>
5	Refining the Finance and Treasury Centre (“FTC”) scheme	The FTC scheme grants concessionary tax rate of 8% on qualifying income derived by approved FTCs.	We are streamlining the qualifying counterparties for certain transactions of approved FTCs. This will help to ease the compliance burden of approved FTCs.



S/N	Name of Tax Change	Current Treatment	New Treatment
			<p>The change will apply to new or renewal incentive awards approved on or after 21 February 2017.</p> <p>EDB will release further details of the change by May 2017.</p>
6	Enhancing the Global Trader Programme (“GTP”)	The GTP grants a concessionary tax rate of 5% or 10% on qualifying income derived by approved global trading companies from qualifying transactions.	<p>To facilitate and encourage more trading activities in Singapore and to simplify the GTP, the GTP will be enhanced as follows:</p> <p>(a) The requirement for qualifying transactions to be carried out with qualifying counterparties will be removed. Consequently, concessionary tax rate will be granted to approved global trading companies on income derived from qualifying transactions with any counterparty;</p> <p>(b) Concessionary tax rate will be granted to approved global trading companies on physical trading income derived from</p>

S/N	Name of Tax Change	Current Treatment	New Treatment
			<p>transactions in which the commodity is purchased for the purposes of consumption in Singapore or for the supply of fuel to aircraft or vessels within Singapore;</p> <p>(c) Concessionary tax rate will be granted to approved global trading companies on physical trading income attributable to storage in Singapore or any activity carried out in Singapore which adds value to commodity by any physical alteration, addition or improvement (including refining, blending, processing or bulk-breaking); and</p> <p>(d) The substantive requirement to qualify for the GTP will be increased.</p> <p>The enhancements in (a) to (c) will apply to qualifying income derived on or after 21 February 2017 by approved global trading companies from qualifying transactions.</p>

S/N	Name of Tax Change	Current Treatment	New Treatment
			<p>The enhancement in (d) will apply to new or renewal incentive awards approved on or after 21 February 2017.</p> <p>IE will release further details of the change by May 2017.</p>
7	Withdrawing the Tax Deduction for Computer Donation scheme	A 250% tax deduction is granted on donation of computers (including computer software and peripherals) by any company to an Institution of Public Character or prescribed educational, research or other institution <sup>1</sup> in Singapore.	As the objective of the scheme has been achieved, the scheme will be withdrawn after 20 February 2017.
8	Withdrawing the Accelerated Depreciation Allowance for Energy Efficient Equipment and	Capital expenditure incurred for certified energy efficient and energy saving equipment may qualify for an accelerated writing down period of	Over the years, new incentives, such as the Investment Allowance – Energy Efficiency

<sup>1</sup> These prescribed list is gazetted via Gazette No. 259/1999 on Income Tax (Computer Gifts – Educational, Research and Other Institutions) Rules (“Computer Donations Rules”). This list was last updated in 2001.

S/N	Name of Tax Change	Current Treatment	New Treatment
	Technology (“ADA-EEET”) scheme	one year under Section 19A(6) of the Income Tax Act (“ITA”).	<p>scheme and the Productivity Grant, were introduced to promote energy efficiency.</p> <p>To streamline incentives that promote energy efficiency, the ADA-EEET scheme introduced in 1996 will be withdrawn after 31 December 2017. No ADA-EEET will be granted for equipment installed on or after 1 January 2018.</p>
9	Allowing the accelerated Writing-Down Allowances (“WDA”) for acquisition of Intellectual Property Rights (“IPRs”) for Media and Digital Entertainment (“MDE”) content scheme to lapse	<p>An approved MDE company or partnership is allowed to claim WDA over a period of two years for capital expenditure incurred in respect of IPRs pertaining to films, television programmes, digital animation or games, or other MDE content acquired for use in its business.</p> <p>The accelerated WDA for the MDE content scheme is scheduled to lapse in respect of IPRs acquired for MDE</p>	<p>As the scheme is assessed to be no longer relevant, and to simplify our tax regime, the accelerated WDA for the MDE content scheme will be allowed to lapse, in respect of IPRs acquired for MDE content after the last day of the basis period for YA2018.</p> <p>MDE companies or partnerships may elect to claim WDA over a writing-down period of 5, 10 or 15 years on the capital expenditure</p>

S/N	Name of Tax Change	Current Treatment	New Treatment
		content after the last day of the basis period for YA2018.	incurred to acquire the qualifying IPRs <sup>2</sup> under Section 19B of the ITA.
10	Allowing the International Arbitration Tax Incentive (“IArb”) to lapse	The IArb was introduced to encourage the provision of international arbitration services and attract overseas law practices to set up international arbitration services in Singapore. The incentive grants approved law practices <sup>3</sup> 50% tax exemption on qualifying incremental income derived from the provision of legal services in connection with international arbitration. The maximum tax relief period is five years.	<p>Over the past decade, Singapore has grown as an international arbitration hub. As part of the Government’s regular review of tax incentives, the IArb will be allowed to lapse after 30 June 2017.</p> <p>We will continue to develop and strengthen our arbitration landscape, including by:</p> <ul style="list-style-type: none"> <li>• Strengthening our legislative framework;</li> <li>• Expanding Maxwell Chambers, our integrated dispute resolution complex; and</li> <li>• Supporting local dispute resolution institutions and top international</li> </ul>

<sup>2</sup> The qualifying IPRs under Section 19B of the ITA are patents, trademarks, registered designs, copyrights, geographical indications, lay-out designs of integrated circuits, trade secret or information that has commercial value, and plant varieties, but exclude IPRs specified under Section 19B(11A) of the ITA.

<sup>3</sup> Law practice means a Singapore law practice, foreign law practice, Formal Law Alliance or Joint Law Venture.

S/N	Name of Tax Change	Current Treatment	New Treatment
		The IArb is scheduled to lapse after 30 June 2017.	institutions seeking to base in Singapore or use Singapore as a venue for arbitration activities.
11	Allowing the Approved Building Project (“ABP”) scheme to lapse	<p>Currently, land under development is granted property tax exemption for a period of up to three years under the ABP scheme, subject to conditions.</p> <p>The scheme is scheduled to lapse after 31 March 2017.</p>	Property tax is a tax on property ownership, and it should apply when the land is being developed. The ABP scheme will be allowed to lapse after 31 March 2017.
<b>Other Tax Changes</b>			
12	Introducing a safe harbour rule for payments under Cost Sharing Agreements (“CSAs”) for R&D projects	Taxpayers claiming tax deduction for R&D expenditure under Section 14D of the ITA for payments made under a CSA (“CSA payments”) are subject to specific restriction rules for certain categories of expenditure disallowed under Section 15 of the ITA. As such, the breakdown of the expenditure covered by the CSA payments is	<p>To ease compliance, taxpayers may opt to claim tax deduction under Section 14D for 75% of the payments made under a CSA incurred for qualifying R&amp;D projects instead of providing the breakdown of the expenditure covered by the CSA payments.</p> <p>The change will apply to CSA payments made on or after 21 February 2017.</p>

S/N	Name of Tax Change	Current Treatment	New Treatment
		examined so as to exclude the disallowed expenditure.	IRAS will release further details of the change by May 2017.
13	Extending the Withholding Tax (“WHT”) exemption on payments for international telecommunications submarine cable capacity under an Indefeasible Rights of Use (“IRUs”) agreement	<p>As payments for international telecommunications submarine cable capacity under an IRU agreement fall under the scope of Section 12(7) of the ITA, persons making such payments to non-residents are required to withhold tax on the payments.</p> <p>The WHT exemption on payments for international telecommunications submarine cable capacity under an IRU agreement was introduced to encourage telecommunications operators to provide international connectivity.</p> <p>The scheme is scheduled to lapse after 27 February 2018.</p>	In line with the Government’s thrust to grow the digital economy and continue to be a key hub for data flow, the WHT exemption on payments for international telecommunications submarine cable capacity under an IRU agreement will be extended till 31 December 2023.

S/N	Name of Tax Change	Current Treatment	New Treatment
14	Extending and refining the Aircraft Leasing Scheme (“ALS”)	<p>Under the ALS, approved aircraft lessors and aircraft investment managers can enjoy the following tax benefits:</p> <ul style="list-style-type: none"> <li>a) Approved aircraft lessors enjoy concessionary tax rate of 5% or 10% on income derived from the leasing of aircraft or aircraft engines and qualifying ancillary activities under Section 43Y of the ITA; and</li> <li>b) Approved aircraft managers enjoy concessionary tax rate of 10% on income derived from managing the approved aircraft lessor and qualifying activities under Section 43Z of the ITA.</li> </ul>	<p>To continue encouraging the growth of the aircraft leasing sector in Singapore, the ALS will be extended and refined as follows:</p> <ul style="list-style-type: none"> <li>a) The ALS will be extended till 31 December 2022;</li> <li>b) The scope of qualifying ancillary activities for approved aircraft lessors under Section 43Y of the ITA will be updated to cover incidental income derived from the provision of finance in the acquisition of aircraft or aircraft engines by any lessee; and</li> <li>c) The concessionary tax rate on income derived from leasing of aircraft or aircraft engines and qualifying ancillary activities will be streamlined from 5% and 10% to a single rate of 8%.</li> </ul>



S/N	Name of Tax Change	Current Treatment	New Treatment
		<p>Qualifying ancillary activities under Section 43Y of the ITA include incidental income derived from the provision of finance in the acquisition of any aircraft or aircraft engines by any airline company.</p> <p>In addition, automatic WHT exemption is granted on qualifying payments made by approved aircraft lessors to non-tax-residents (excluding a permanent establishment in Singapore) in respect of qualifying loans entered into on or before 31 March 2017 to finance the purchase of aircraft and aircraft engines, subject to conditions.</p> <p>The scheme is scheduled to lapse after 31 March 2017.</p>	<p>The enhancement for (b) will apply to income derived on or after 21 February 2017 for all incentive recipients.</p> <p>The refinement in (c) will apply to new or renewal incentive awards approved on or after 1 April 2017.</p> <p>In addition, the automatic withholding tax exemption regime will be extended to qualifying payments made on qualifying loans entered into on or before 31 December 2022.</p> <p>EDB will release further details of the change by May 2017.</p>
15	Extending and refining the Integrated Investment	The IIA scheme was introduced to keep pace with the evolving business	The IIA scheme will be extended till 31 December 2022. Also, the qualifying

S/N	Name of Tax Change	Current Treatment	New Treatment
	Allowance (“IIA”) scheme	<p>environment. The scheme grants a qualifying company an additional allowance<sup>4</sup> in respect of the fixed capital expenditure incurred on qualifying productive equipment placed with an overseas company for an approved project.</p> <p>For the purpose of the scheme, one of the qualifying requirements is that the qualifying productive equipment has to be used by the overseas company solely to manufacture products for the qualifying company under the approved project.</p> <p>EDB administers the scheme.</p> <p>The IIA scheme is scheduled to lapse after 28 February 2017.</p>	<p>productive equipment may be used by the overseas company primarily to manufacture products for the qualifying company under an approved project.</p> <p>The above liberalisation in the qualifying requirement will apply to expenditure incurred on a qualifying productive equipment for a project approved on or after 21 February 2017.</p>

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<sup>4</sup> The additional allowance is granted on top of capital allowance.

### Tax Changes for Individuals

S/N	Name of Tax Change	Current Treatment	New Treatment
1	Granting a Personal Income Tax Rebate for Resident Individual Taxpayers	There is no current Personal Income Tax Rebate.	To provide relief to individuals who pay income tax, a Personal Income Tax Rebate of 20% of tax payable will be granted to all individual tax residents for YA2017 (i.e. for income earned in 2016). The rebate will be capped at \$500 per taxpayer.
2	Withdrawing the GST Tourist Refund Scheme (“TRS”) for tourists departing by international cruise	<p>Departing tourists may claim GST refunds on their goods purchased in Singapore, subject to the tourists’ eligibility and conditions of the TRS.</p> <p>The GST TRS is available to tourists departing Singapore via air, from Changi International Airport and Seletar Airport. It is available from January 2013 to tourists departing Singapore by international cruise, from the Marina Bay Cruise Centre Singapore and the International</p>	Due to the very low transaction volume at the cruise terminals for tourist refunds, the GST TRS will be withdrawn for tourists who are departing by international cruise from the cruise terminals and whose purchases are made on or after 1 July 2017. Tourists who are departing by international cruise from the cruise terminals will have until 31 August 2017 to claim refunds on purchases made before 1 July 2017. The eTRS facilities at the cruise terminals will be removed after 31 August 2017.

<b>S/N</b>	<b>Name of Tax Change</b>	<b>Current Treatment</b>	<b>New Treatment</b>
		Passenger Terminal at Harbourfront Centre (“cruise terminals”).	IRAS will release further details of the change by April 2017.

## Tax Changes for Vehicles

S/ N	Name of Tax Change	Current Treatment	New Treatment
<b>Restructuring of Diesel Taxes</b>			
1	Restructure Diesel Taxes	<p>We currently levy a lump sum Special Tax on diesel cars and taxis in lieu of volumetric diesel duty.</p> <p style="text-align: center;"><b><u>Diesel Car</u></b></p>	<p>Diesel duty will be introduced to incentivise users to reduce their usage of diesel. With effect on or after 20 February 2017, the diesel duty on automotive diesel, industrial diesel and diesel component of biodiesel is \$0.10/litre<sup>5</sup>.</p> <p>The annual Special Tax will be permanently reduced for diesel cars and taxis by \$100 and \$850 respectively.</p> <p style="text-align: center;"><b><u>Diesel Car</u></b></p>

<sup>5</sup> Worked example of duty levied on Biodiesel: B20 biodiesel contains 20% biodiesel and 80% diesel. For one litre of B20 biodiesel, the tax levied will be \$0.10/litre \* 1 litre \* 80% = \$0.08.

S/ N	Name of Tax Change	Current Treatment		New Treatment	
		<b>Emission Standard</b>	<b>Special Tax Rate every six months</b>	<b>Emission Standard</b>	<b>Special Tax Rate every six months</b>
		Pre-Euro IV compliant	Six times the Road Tax of an equivalent petrol-driven car	Pre-Euro IV compliant	Six times the Road Tax of an equivalent petrol-driven car, less \$50
		Euro IV compliant	S\$0.625 per cc, subject to a minimum payment of S\$625	Euro IV compliant	S\$0.625 per cc, less \$50, subject to a minimum payment of S\$575
		Euro V or JPN2009 compliant	S\$0.20 per cc, subject to a minimum payment of S\$200	Euro V or JPN2009 compliant	S\$0.20 per cc, less \$50, subject to a minimum payment of S\$150
		<p><b><u>Diesel Taxi</u></b></p> <p>\$2,550 every six months, or \$5,100 every year</p>		<p><b><u>Diesel Taxi</u></b></p> <p>\$2,125 every six months, or \$4,250 every year</p> <p>Revised Special Tax rates will take effect on or after 20 February 2017. From 20 February 2017 to end-June 2017, vehicle owners will continue to pay the Special Tax based on the existing rates. For owners paying the Special Tax based on the existing rates until end-June 2017, and those who have already paid the Special Tax for the period beyond 20 February</p>	

S/ N	Name of Tax Change	Current Treatment	New Treatment
			2017, the excess Special Tax paid will be used to automatically offset the amount payable at the next road tax renewal.
2	Exclusion of diesel from the Industrial Exemption Factory Scheme (“IEFS”)	The IEFS is a duty exemption scheme for industries that use dutiable goods as raw materials solely to manufacture non-dutiable finished goods.	With effect on or after 20 February 2017, diesel will be removed from the IEFS. Industrial diesel will be subject to volumetric diesel duty of \$0.10/litre.
3	Offset measures for commercial diesel vehicles	Nil	<p>To ease the transition to the re-introduction of diesel duty, three years of road tax rebates will be provided for commercial diesel vehicles:</p> <ul style="list-style-type: none"> <li>• 1 August 2017 – 31 July 2018: 100% Road Tax Rebate</li> <li>• 1 August 2018 – 31 July 2019: 75% Road Tax Rebate</li> <li>• 1 August 2019 – 31 July 2020: 25% Road Tax Rebate</li> </ul>
4		Nil	<p>In addition to the three-year Road Tax Rebate, diesel school buses will be given yearly cash rebates to ease the impact of diesel duty on school bus fees:</p> <ul style="list-style-type: none"> <li>• 1 August 2017 – 31 July 2018: \$1,400</li> </ul>

S/ N	Name of Tax Change	Current Treatment	New Treatment
			<ul style="list-style-type: none"> <li>• 1 August 2018 – 31 July 2019: \$700</li> <li>• 1 August 2019 – 31 July 2020: \$350</li> </ul> <p>The cash rebates will be disbursed by LTA every six months.</p>
5		Nil	<p>In addition to the three-year Road Tax Rebate, eligible diesel private hire buses and diesel excursion buses that ferry school children will be given yearly cash rebates to ease the impact of diesel duty on school bus fees:</p> <ul style="list-style-type: none"> <li>• 1 August 2017 – 31 July 2018: up to \$1,500</li> <li>• 1 August 2018 – 31 July 2019: up to \$800</li> <li>• 1 August 2019 – 31 July 2020: up to \$450</li> </ul> <p>To be eligible for the cash rebates, these buses must have a school bus contract, and ferry children continuously for at least six months. The cash rebates will be pro-rated based on the number of days these buses have ferried school children in the respective time period. The cash rebates will be disbursed by LTA when the buses' road tax is renewed.</p>



S/ N	Name of Tax Change	Current Treatment	New Treatment								
<b>Introduction of tiered Additional Registration Fee (“ARF”) for motorcycles</b>											
6	Introduction of tiered ARF for motorcycles	ARF for motorcycles is a flat rate of 15% of Open Market Value (“OMV”).	<p>Tiered ARF for motorcycles will be introduced to improve the progressivity of the vehicle tax system. The following tiered ARF rates will apply to all motorcycles registering with Certificates of Entitlement (“COEs”) obtained from the second COE bidding exercise in February:</p> <table border="1" data-bbox="1205 675 2114 1034"> <thead> <tr> <th data-bbox="1205 675 1964 802">OMV</th> <th data-bbox="1964 675 2114 802">ARF rates</th> </tr> </thead> <tbody> <tr> <td data-bbox="1205 802 1964 879">First \$5,000 of the OMV</td> <td data-bbox="1964 802 2114 879">15%</td> </tr> <tr> <td data-bbox="1205 879 1964 957">Next \$5,000 of the OMV (i.e. \$5,001 to \$10,000)</td> <td data-bbox="1964 879 2114 957">50%</td> </tr> <tr> <td data-bbox="1205 957 1964 1034">Remaining OMV above \$10,000</td> <td data-bbox="1964 957 2114 1034">100%</td> </tr> </tbody> </table> <p>For motorcycles that do not need to bid for a COE (e.g. classic motorcycles), the new tiered ARF rates will apply on or after 21 February 2017.</p>	OMV	ARF rates	First \$5,000 of the OMV	15%	Next \$5,000 of the OMV (i.e. \$5,001 to \$10,000)	50%	Remaining OMV above \$10,000	100%
OMV	ARF rates										
First \$5,000 of the OMV	15%										
Next \$5,000 of the OMV (i.e. \$5,001 to \$10,000)	50%										
Remaining OMV above \$10,000	100%										

S/ N	Name of Tax Change	Current Treatment	New Treatment
			To give potential buyers more time, the second COE bidding exercise in February, which was initially scheduled on 20 February 2017, will be held on 22 February 2017.

## ANNEX B: WATER PRICE CHANGES

Table 1: Phasing of Increase in Potable Water Prices for Domestic Users

		<b>Domestic Potable Water Prices (per cubic metre)</b>					
		Current		From 1 July 2017		From 1 July 2018	
		0-40m <sup>3</sup>	> 40m <sup>3</sup>	0-40m <sup>3</sup>	> 40m <sup>3</sup>	0-40m <sup>3</sup>	> 40m <sup>3</sup>
Potable Water	Tariff	\$1.17	\$1.40	\$1.19	\$1.46	\$1.21	\$1.52
	Water Conservation Tax (% of water tariff)	\$0.35 (30% of \$1.17)	\$0.63 (45% of \$1.40)	\$0.42 (35% of \$1.19)	\$0.73 (50% of \$1.46)	\$0.61 (50% of \$1.21)	\$0.99 (65% of \$1.52)
Used Water	Waterborne Fee	\$0.28	\$0.28	\$0.78	\$1.02	\$0.92	\$1.18
	Sanitary Appliance Fee	\$2.80 per fitting*		Combined into Waterborne Fee		Combined into Waterborne Fee	
<b>Total Price</b>		<b>\$2.10</b>	<b>\$2.61</b>	<b>\$2.39</b>	<b>\$3.21</b>	<b>\$2.74</b>	<b>\$3.69</b>

Table 2: Phasing of Increase in Potable Water Prices for Non-Domestic Users

		<b>Non-Domestic Potable Water Prices (per cubic metre)</b>		
		Current	From 1 July 2017	From 1 July 2018
		Potable Water	Tariff	\$1.17
Water Conservation Tax (% of water tariff)	\$0.35 (30% of \$1.17)		\$0.42 (35% of \$1.19)	\$0.61 (50% of \$1.21)
Used Water	Waterborne Fee	\$0.56	\$0.78	\$0.92
	Sanitary Appliance Fee	\$2.80 per fitting*	Combined into Waterborne Fee	Combined into Waterborne Fee
<b>Total Price</b>		<b>\$2.15</b>	<b>\$2.39</b>	<b>\$2.74</b>

Table 3: Phasing of Increase in Potable Water Prices for Shipping Customers

		<b>Potable Water Prices for Shipping Customers (per cubic metre)</b>		
		Current	From 1 July 2017	From 1 July 2018
		Potable Water	Tariff	\$1.92
Water Conservation Tax (% of water tariff)	\$0.58 (30% of \$1.92)		\$0.67 (35% of \$1.92)	\$0.96 (50% of \$1.92)
Used Water	Waterborne Fee	\$0.56	\$0.78	\$0.92
<b>Total Price</b>		<b>\$3.06</b>	<b>\$3.37</b>	<b>\$3.80</b>

**Table 4: Phasing of Increase in NEWater Prices**

	<b>NEWater Prices (per cubic metre)</b>		
	Current	From 1 July 2017	From 1 July 2018
NEWater tariff	\$1.22	\$1.28	\$1.28
Water Conservation Tax (% of NEWater tariff)	-	\$0.13 (10% of \$1.28)	\$0.13 (10% of \$1.28)
Waterborne Fee	\$0.56	\$0.78	\$0.92
<b>Total Price</b>	<b>\$1.78</b>	<b>\$2.19</b>	<b>\$2.33</b>

**Table 5: Phasing of Increase in Industrial Water Prices**

	<b>Industrial Water Prices (per cubic metre)</b>		
	Current	From 1 July 2017	From 1 July 2018
Industrial Water tariff	\$0.65	\$0.66	\$0.66
Waterborne Fee	\$0.56	\$0.78	\$0.92
<b>Total Price</b>	<b>\$1.21</b>	<b>\$1.44</b>	<b>\$1.58</b>

**Notes:**

- \* For the calculation of total price, the Sanitary Appliance Fee is converted to its volumetric equivalent.
- All figures are before GST.

**Price Impact on Households**

HDB households will receive significant offsets to their monthly water bill:

**Table 6: Average Impact on Water Bills for HDB Households**

<b>HDB Flat Type</b>	<b>Current Monthly Water Bill (incl. GST) / \$</b>	<b>Increase in Monthly Water Bill (incl. GST) / \$</b>		<b>Additional Annual U-Save [monthly average] / \$</b>	<b>% of Price Increase Offset by U-Save</b>
		<b>Before Additional U-Save</b>	<b>After Additional U-Save</b>		
1- & 2-room	26	9	-1	120 [10]	~100%
3-room	33	10	2	100 [8]	~80%
4-room	42	12	5	80 [7]	~60%
5-room	44	13	8	60 [5]	~40%
Executive	49	15	11	40 [4]	~30%

**More information**

For more information on the price revisions, please visit [www.pub.gov.sg](http://www.pub.gov.sg).

## **ANNEX C: TRANSFERS TO HOUSEHOLDS**

The Government will provide more support in 2017 to help Singaporeans with the cost of living.

### **GST Voucher (GSTV) Scheme**

#### *(A) GSTV – Cash*

To support Singaporeans amid current economic conditions, each GSTV – Cash recipient will receive:

1. A GSTV – Cash payment of up to \$300; and
2. **A one-off GSTV – Cash Special Payment of up to \$200.**

This means that a GSTV – Cash recipient will receive up to \$500 in total in 2017.

Table 1: GSTV – Cash Payments for 2017

<b>Singaporeans aged 21 years and above Assessable Income for YA2016 \$28,000 and below</b>	<b>Annual Value of Home as at 31 Dec 2016</b>	
	<b>Up to \$13,000</b>	<b>\$13,001 to \$21,000</b>
GSTV – Cash	\$300	\$150
One-off GSTV – Cash Special Payment	\$200	\$100
<b>Total</b>	<b>\$500</b>	<b>\$250</b>

Note: Individuals who own more than one property are not eligible for the GSTV Scheme.

The one-off GSTV – Cash Special Payment will cost \$280 million and benefit about 1.3 million Singaporeans. It will be paid in November 2017. This is on top of the GSTV – Cash paid out in August 2017.

#### *(B) GSTV – U-Save*

From July 2017, eligible HDB households will also benefit from an **increase to the GSTV – U-Save rebate** by an amount ranging from \$40 to \$120 depending on flat type. This increase will be permanent. This will cost an additional \$71 million per year and benefit about 880,000 HDB households.

Table 2: GSTV – U-Save for 2017

<b>HDB Flat Type</b>	<b>Current Annual Rebate</b>	<b>Increase in Annual Rebate</b>	<b>Revised Annual Rebate</b>
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

Note: Households whose members own more than one property are not eligible. The GSTV – U-Save is paid over four quarters, in January, April, July, October. This increase will take effect from July 2017.

*(C) GSTV – Medisave*

Older Singaporeans will continue to receive GSTV – Medisave in 2017.

Table 3: GSTV – Medisave for 2017

<b>Age in 2017</b>	<b>Annual Value of Home as at 31 Dec 2016</b>	
	<b>Up to \$13,000</b>	<b>\$13,001 to \$21,000</b>
65 to 74 years	\$250	\$150
75 to 84 years	\$350	\$250
85 years and above	\$450	\$350

Note: Individuals who own more than one property are not eligible for the GSTV Scheme.

## Service and Conservancy Charges (S&CC) Rebate

Eligible HDB households will receive S&CC Rebate to offset between 1.5 to 3.5 months of S&CC charges. The S&CC rebate will cost \$120 million and benefit about 880,000 eligible HDB households.

Table 4: S&CC Rebate for FY2017

<b>HDB Flat Type</b>	<b>FY2017 S&amp;CC Rebate (no. of months)</b>				
	<b>April 2017</b>	<b>July 2017</b>	<b>October 2017</b>	<b>January 2018</b>	<b>Total for FY2017</b>
1- and 2-room	1	1	1	0.5	<b>3.5</b>
3- and 4-room	1	0.5	0.5	0.5	<b>2.5</b>
5-room	0.5	0.5	0.5	0.5	<b>2</b>
Executive/ Multi- Generation	0.5	0.5	0.5	-	<b>1.5</b>

Note: Households whose members own more than one property are not eligible for the S&CC rebate.

### More information

#### GST Voucher – Cash, Medisave and Special Payment

Members of the public may visit [www.gstvoucher.gov.sg](http://www.gstvoucher.gov.sg), or contact the GST Voucher Team at [contactus@gstvoucher.gov.sg](mailto:contactus@gstvoucher.gov.sg) or 1800-2222-888 for more information.

#### GST Voucher – U-Save

Members of the public may visit [www.gstvoucher.gov.sg](http://www.gstvoucher.gov.sg), or contact SP Services at [spservices@singaporepower.com.sg](mailto:spservices@singaporepower.com.sg) or 6671-7117 for more information.

#### S&CC Rebate

Members of the public may contact the Housing and Development Board at [sccrebates@mailbox.hdb.gov.sg](mailto:sccrebates@mailbox.hdb.gov.sg) or 1800-866-3078 for more information.

## ANNEX D: FISCAL POSITION IN FY2017

	Revised FY2016	Estimated FY2017	Change over Revised FY2016	
	\$billion	\$billion	\$billion	% change
<b>OPERATING REVENUE</b>	<b>68.67</b>	<b>69.45</b>	<b>0.78</b>	<b>1.1</b>
Corporate Income Tax	13.45	13.63	0.19	1.4
Personal Income Tax	10.48	10.74	0.26	2.5
Withholding Tax	1.46	1.30	(0.17)	(11.3)
Statutory Boards' Contributions	0.78	0.25	(0.52)	(67.4)
Assets Taxes	4.37	4.41	0.04	1.0
Customs and Excise Taxes	2.75	3.13	0.38	13.9
Goods and Services Tax	10.85	11.25	0.40	3.7
Motor Vehicle Taxes	2.31	2.73	0.42	18.2
Vehicle Quota Premiums	6.86	6.52	(0.34)	(5.0)
Betting Taxes	2.69	2.72	0.03	1.0
Stamp Duty	2.94	2.73	(0.21)	(7.1)
Other Taxes	6.11	6.48	0.38	6.2
Other Fees and Charges	3.13	3.26	0.12	4.0
Others	0.50	0.30	(0.20)	(40.0)
Less:				
<b>TOTAL EXPENDITURE</b>	<b>71.39</b>	<b>75.07</b>	<b>3.68</b>	<b>5.2</b>
Operating Expenditure	52.68	56.30	3.62	6.9
Development Expenditure	18.71	18.77	0.06	0.3
<b>PRIMARY SURPLUS / DEFICIT<sup>1</sup></b>	<b>(2.72)</b>	<b>(5.62)</b>		
Less:				
<b>SPECIAL TRANSFERS<sup>2</sup></b>	<b>6.47</b>	<b>6.58</b>	<b>0.11</b>	<b>1.8</b>
<b>Special Transfers Excluding Top-ups to Endowment and Trust Funds</b>	<b>2.87</b>	<b>2.57</b>		
GST Voucher Special Payment <sup>3</sup>	0.28	0.28		
Service and Conservancy Charges Rebates	0.09	0.12		
CPF Medisave Top-ups	0.10	0.10		
Productivity and Innovation Credit	0.98	0.76		
Temporary Employment Credit	0.78	0.39		
Wage Credit Scheme	0.63	0.91		
Other Transfers <sup>4</sup>	0.02	0.02		
<b>BASIC SURPLUS / DEFICIT<sup>5</sup></b>	<b>(5.59)</b>	<b>(8.19)</b>		
<b>Top-ups to Endowment and Trust Funds</b>	<b>3.60</b>	<b>4.01</b>		
GST Voucher Fund	-	1.50		
National Productivity Fund	-	1.00		
Top-up to Endowment Funds <sup>6</sup>	-	0.70		
National Research Fund	1.50	0.50		
Special Employment Credit Fund	1.10	0.16		
Cultural Matching Fund	-	0.15		
Changi Airport Development Fund	1.00	-		
Add:				
<b>NET INVESTMENT RETURNS CONTRIBUTION</b>	<b>14.37</b>	<b>14.11</b>	<b>(0.26)</b>	<b>(1.8)</b>
<b>OVERALL BUDGET SURPLUS / DEFICIT</b>	<b>5.18</b>	<b>1.91</b>		

Note: Due to rounding, figures may not add up. Negative figures are shown in parentheses.

<sup>1</sup> Surplus / Deficit before Special Transfers and Net Investment Returns Contribution.

<sup>2</sup> Special Transfers including Top-ups to Endowment and Trust Funds.

<sup>3</sup> The GST Voucher Special Payment committed in Budget 2016 and Budget 2017 comprises the GST Voucher – Cash Special Payment.

<sup>4</sup> Consists of Growth Dividends, GST Credits, Productivity and Innovation Credit Bonus, Rebate for School Buses, SME Cash Grant, Top-ups to Child Development Accounts, and funding for Self-Help Groups and Voluntary Welfare Organisations.

<sup>5</sup> Surplus / Deficit before Top-ups to Endowment and Trust Funds, and Net Investment Returns Contribution.

<sup>6</sup> Consists of the Community Care Endowment Fund and Medical Endowment Fund.