

CHARTING OUR NEW WAY FORWARD TOGETHER



BUDGET
2022

FOREWORD

Dear Fellow Singaporeans,

Over the past two years, we have overcome challenges brought about by COVID-19. Singaporeans have rallied together, and we are stronger now than when the virus first emerged.

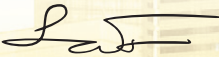
We continue to provide targeted help where needed, for workers, businesses, and households. Beyond the immediate challenges, we must set our eyes on the future and position ourselves for the challenges and opportunities of the decade ahead.

We will continue to invest in our people and enterprises. I encourage businesses to transform, develop new capabilities in your employees, and seize new growth opportunities from the green economy.

We will renew and strengthen our social compact. We are investing in our children and uplifting lower-wage workers, boosting retirement adequacy, and preparing for future healthcare needs. This will enable us to build a more caring and inclusive society.

We are building a fairer and more resilient revenue system to support our growing expenditure needs. While everyone will chip in, those with more will contribute more. This allows us to ensure a fairer and more progressive system of taxes and transfers.

We are charting a new way forward today — together, we will see through the pandemic, and build a better Singapore for tomorrow.



Lawrence Wong
Minister for Finance



MOVING FORWARD TO

INVEST IN NEW CAPABILITIES

- ▶ Support for Businesses
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RENEW & STRENGTHEN OUR SOCIAL COMPACT

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& Community
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ADVANCE OUR GREEN TRANSITION

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BUILD A FAIRER & MORE RESILIENT TAX SYSTEM

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ECONOMY

INVEST IN NEW CAPABILITIES



SUPPORT FOR BUSINESSES

IMMEDIATE SUPPORT FOR BUSINESSES

- ▶ **\$500 million Jobs and Business Support Package**
 - ▶ New **Small Business Recovery Grant**
 - ▶ **\$1,000** payout per local employee (up to \$10,000 per firm) for SMEs in sectors most affected by COVID-19 restrictions
 - ▶ **\$1,000** payout to local sole proprietors and partnerships in eligible sectors, and SFA-licensed hawkers, market, and coffeeshop stallholders, who do not hire local employees
 - ▶ Extend **Jobs Growth Incentive** to Sep 2022 to encourage hiring of workers who face greater difficulties in finding jobs
- ▶ Extend **Temporary Bridging Loan Programme** and **Enterprise Financing Scheme (EFS) – Trade Loan** to 30 Sep 2022, with revised parameters
- ▶ Extend enhanced **EFS – Project Loan** to 31 Mar 2023 to support domestic construction projects
- ▶ **Aviation Support Package** to preserve core capabilities and enhance status as an international aviation hub



DIGITALISATION AND INNOVATION

- ▶ Additional \$200 million for **building digital capabilities**
- ▶ Increase capacity of centres that engage in **technology, innovation, and enterprise** activities in Polytechnics and ITEs over next 5 years

STRENGTHEN LOCAL ENTERPRISES

- ▶ \$600 million to scale up **Productivity Solutions Grant (PSG)** to support more than 100,000 PSG projects over next 4 years
- ▶ New **Singapore Global Enterprises** initiative for larger local enterprises to innovate and internationalise
- ▶ New **Singapore Global Executive Programme** to attract more young local talent to join Singapore global enterprises

ENTERPRISE FINANCING SCHEME

- ▶ Enhance **Merger & Acquisition (M&A) Loan** to include domestic M&A activities from 1 Apr 2022 to 31 Mar 2026
- ▶ Maintain 70% risk-share under enhanced **Trade Loan** beyond 30 Sep 2022 for enterprises trading in nascent markets

INVEST IN OUR PEOPLE

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- ▶ **SkillsFuture Enterprise Credit (SFEC)** covers up to 90% of qualifying expenses e.g. job redesign, training courses
 - ▶ Expand SFEC to an additional 40,000 SMEs by **waiving the Skills Development Levy contribution requirement**

BETTER SKILLS MATCHING

- ▶ \$100 million to support NTUC to scale up **Company Training Committees** and introduce **new grant** to support companies' transformation plans





SUPPORT FOR MID-CAREER WORKERS

- ▶ **SGUnited Mid-Career Pathways Programme – Company Attachment** made permanent with full-time attachments and training allowances
- ▶ New **SkillsFuture Career Transition Programme** to provide high-quality, industry-oriented training courses for jobseekers

ADJUSTMENTS TO FOREIGN WORKER POLICIES

- ▶ Changes to Employment Pass
 - ▶ Raise minimum qualifying salaries to **\$5,000**; \$5,500 for financial services
 - ▶ For new applications from Sep 2022, and renewal applications from Sep 2023
- ▶ Changes to S Pass
 - ▶ Raise minimum qualifying salaries to **\$3,000**; \$3,500 for financial services
 - ▶ For new applications from Sep 2022, and renewal applications from Sep 2023
 - ▶ Tier 1 levy raised to \$650 in 2025
- ▶ Changes to Work Permit for construction and process sectors
 - ▶ Lower **Dependency Ratio Ceiling** from 1:7 to **1:5** from 1 Jan 2024
 - ▶ New **levy framework** from 1 Jan 2024



SOCIAL

RENEW & STRENGTHEN OUR SOCIAL COMPACT





GST SUPPORT

\$6.6 BILLION ENHANCED ASSURANCE PACKAGE

- ▶ **\$700 to \$1,600 cash payouts** for Singaporean adults over next 5 years
- ▶ **\$600 to \$900 GSTV – Cash (Seniors' Bonus)** over next 3 years for eligible seniors aged 55 and above
- ▶ **\$330 to \$570 additional GSTV – U-Save rebates** over next 4 years for eligible HDB households
- ▶ **\$450 MediSave** top-ups over next 3 years for Singaporean children aged 20 and below and seniors aged 55 and above
- ▶ **\$400 Community Development Council (CDC) vouchers** over 2023 and 2024 for Singaporean households

ENHANCED GST VOUCHER (GSTV) SCHEME

- ▶ **Service and Conservancy Charges (S&CC) Rebates** (new component)
- ▶ Increase **Assessable Income** threshold for GSTV – Cash from \$28,000 to **\$34,000**, benefitting more Singaporeans
- ▶ Increase in **GSTV – Cash** payouts:

Annual Value of Home	GSTV – Cash Payouts
\$13,000 and below	\$500 (up from \$300)
\$13,001 to \$21,000	\$250 (up from \$150)



SUPPORT FOR HOUSEHOLDS & COMMUNITY

IMMEDIATE SUPPORT FOR HOUSEHOLDS

- ▶ **\$560 million Household Support Package**
 - ▶ Double **GSTV – U-Save rebates** (up to **\$285** more for eligible HDB households) for the remaining quarters of 2022
 - ▶ **\$200** top-up to Child Development Account, Edusave Account or Post-Secondary Education Account for children aged 20 and below
 - ▶ **\$100 CDC Vouchers** for all Singaporean households in 2022

BOOST RETIREMENT ADEQUACY

- ▶ Continue next increase in **CPF contribution rates** for senior workers aged 55 to 70 in 2023 (including **CPF Transition Offset**)
- ▶ Raise **Basic Retirement Sum** for those turning 55 in 2023 to 2027

INVEST IN OUR CHILDREN

- ▶ Enhance **Fresh Start Housing Scheme** to better support second-timer families with children living in rental housing to purchase a flat
- ▶ Scale up **KidSTART programme** nationwide
- ▶ Expand into a nationwide **UPLIFT Community Network** to support more students in disadvantaged families
- ▶ Integrate social service delivery, in tandem with **Community Link** scale-up to support more families with children living in rental housing

PREPARE FOR FUTURE HEALTHCARE NEEDS

- ▶ Healthier SG — Bring healthcare closer and make it more accessible to the community
- ▶ Closer partnerships between healthcare clusters and community partners
- ▶ Enhance and integrate mental health and social services

CARING AND INCLUSIVE SOCIETY

- ▶ Launch **Enabling Masterplan 2030** to strengthen support for persons with disabilities in areas like employment, lifelong learning, and respite care
- ▶ \$100 million top-up to **Enhanced Fund-Raising Programme** until end-FY2024 to match eligible donations
- ▶ \$26 million top-up to **Charities Capability Fund** to help charities do more for the community
- ▶ Extend **One Team Singapore Fund** for 5 years to match donations to High Performance Sports
- ▶ \$150 million top-up for 3 years to **Cultural Matching Fund** to match donations to Arts and Heritage charities





UPLIFT LOWER-WAGE WORKERS

- ▶ Extend **Progressive Wage Model** to retail, food services, and waste management sectors; and to other occupations, e.g. in-house cleaners, administrators, and drivers
- ▶ Companies employing foreign workers required to pay local employees at least the **Local Qualifying Salary**, currently \$1,400 per month
- ▶ Co-fund wage increases of lower-wage workers between 2022 and 2026 under the **Progressive Wage Credit Scheme**

Year	Wage Increase
2022 - 2023	50%
2024 - 2025	30%
2026	15%

- ▶ Enhance **Workfare Income Supplement** to boost wages of lower-wage workers
 - ▶ More workers benefit with higher qualifying income cap of \$2,500 per month
 - ▶ Extend to workers aged 30 to 34
 - ▶ New minimum income criterion: **\$500**
 - ▶ Higher maximum annual payouts of **\$2,100 to \$4,200**



SUSTAINABILITY

ADVANCE OUR GREEN TRANSITION





ADVANCE OUR GREEN TRANSITION

NET ZERO AMBITION

- ▶ Raise Singapore's ambition to achieve **net zero emissions by or around mid-century**

SINGAPORE GREEN PLAN

- ▶ Green growth opportunities and jobs
e.g. green finance, carbon services
- ▶ Increase **public sector green bonds issuance** to \$35 billion by 2030; publish Singapore Green Bond Framework by 2022
- ▶ Accelerate adoption of Electric Vehicles by having more charging points near homes

CARBON TAX

- ▶ Carbon tax rate adjustments:

Year	Rate (per tonne)
Current	\$5
2024 - 2025	\$25
2026 - 2027	\$45
By 2030	\$50 to \$80

- ▶ Allow carbon tax-liable businesses to use carbon credits to offset **up to 5%** of taxable emissions from 2024
- ▶ Transition framework to help emissions-intensive, trade-exposed sectors manage near-term impact on business competitiveness
- ▶ More details on support for households to be announced next year e.g. additional U-Save rebates



BUILD A FAIRER & MORE RESILIENT TAX SYSTEM



A FAIRER & MORE RESILIENT TAX SYSTEM

CORPORATE INCOME TAX

- ▶ Explore a top-up tax called the **Minimum Effective Tax Rate (METR)** regime, in line with the global minimum effective tax rate under the Base Erosion and Profit Shifting (BEPS) 2.0 Pillar 2
- ▶ IRAS will consult the industry on the design of the METR

PERSONAL INCOME TAX

- ▶ Increase in top marginal tax rate from Year of Assessment 2024:

Portion of Chargeable Income	Tax Rate
In excess of \$500,000 up to \$1 million	23% (up from 22%)
In excess of \$1 million	24% (up from 22%)



PROPERTY TAX

- ▶ Increase in marginal tax rates from 2023 in two steps. The rates from 2024 are:
 - ▶ **Non-owner-occupied** residential properties: **12%-36%** (up from 10%-20% currently)
 - ▶ **Owner-occupied** residential properties for the portion of annual value in excess of \$30,000: **6%-32%** (up from 4%-16% currently)

ADDITIONAL REGISTRATION FEE (ARF)

- ▶ Higher ARF rates for luxury cars
- ▶ Additional ARF tier for cars at a rate of **220%** for the portion of Open Market Value in excess of \$80,000

Open Market Value	ARF Rate
First \$20,000	100%
Next \$30,000	140%
Next \$30,000	180%
Above \$80,000	220%

GOODS AND SERVICES TAX (GST)

- ▶ GST increase will be delayed to 2023 and staggered over two steps:

Time Period	GST Rate
From 1 Jan 2023	8%
From 1 Jan 2024	9%

- ▶ To cushion the impact of the GST increase:
 - ▶ \$6.6 billion enhanced **Assurance Package** for all Singaporeans (page 11)
 - ▶ Enhanced permanent **GSTV scheme** for lower- to middle-income households (page 12)
 - ▶ No increase in Government fees and charges for 1 year from 1 Jan 2023
 - ▶ Continue to absorb GST for publicly-subsidised healthcare and education
 - ▶ Additional \$15 million per year for Town Councils to absorb additional GST payable on Service and Conservancy Charges
 - ▶ **Productivity Solutions Grant** for businesses to apply for subsidised accounting and point of sale solutions (page 7)

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Read more at singaporebudget.gov.sg



Based on information available as of 18 February 2022