

**ANNEX 10: Impact of Economic Restructuring Package on Households**

**Impact of Economic Restructuring Package on Representative Households**

Household (Item, \$, avg)	1-room HDB	2-room HDB	3-room HDB	4-room HDB	5-room HDB	Exec. HDB	Private
Household income <sup>1</sup>	22,700	22,300	42,200	52,900	77,200	95,100	149,700
Income tax savings <sup>2</sup> (a)	0	0	0	59	296	447	1440
Additional GST payable annually <sup>3</sup> (b)	336	373	548	695	903	1,132	1,679
Net additional tax payable annually (c)=[(b)-(a)]	336	373	548	636	607	685	239
Annual rental and S&CC rebates <sup>4</sup> (d)	228	228	110	96	66	0	0
Number of adults <sup>5</sup> (e)	2	2	2	3	3	3	3
Economic Restructuring Shares per year <sup>6</sup> (f)	520	520	520	760	760	760	400
Total annual benefits (g)=(d)+(f)	748	748	630	856	826	760	400
Number of years of additional tax offset [(g)*5]/(c)	11	10	6	7	7	6	8

Notes:

- 1) Household incomes are estimated based on the 1997/98 Department of Statistics (DOS) Household Expenditure Survey (HES) and adjusted to 2001 levels.
- 2) Income tax savings are based on a typical 2-earner household with 2 school-going children. The first income earner is assumed to earn 70% of the household income. The income tax computation takes into account personal relief, earned income relief, CPF relief, child reliefs, NSmen relief and further reduction of the tax rates to 20% in subsequent years.
- 3) The additional 2% GST payable is calculated based on the average household expenditure (excluding imputed rent) from the 1997/98 HES, adjusted to 2001 levels.
- 4) Average of S&CC and rental rebates received from 2003 to 2007.
- 5) The assumed number of adults for each household-type generally corresponds to the average number of adults per household in the 1997/98 HES. If the actual number of adults in the family is less than that assumed, the household consumption (and consequently additional GST payable) should also be correspondingly lower.
- 6) The ERS is based on the number of adults indicated in (e). We assume that one of them is an active NSman.