

ANNEX C: SME Rebate Scheme

The SME Rebate Scheme will last two years. Rebates will be paid to qualified firms on an annual reimbursement basis after the end of each 12-month qualifying period. The start of the first qualifying period will coincide with the increase in CPF contribution rate (1 July 2007). The two qualifying periods will hence be:

- 1 July 2007 to 30 June 2008 (“first year”)
- 1 July 2008 to 30 June 2009 (“second year”)

After the end of each qualifying period, CPF Board will make payment to firms based on their total CPF payment for that period.

The rebate is pegged to total employer and employee contributions payable by a firm to CPF Board. The rebate is 2% of the first \$40,000 of total CPF contribution and 1% of the next \$40,000 of total CPF contribution in the first year, and at 1% and 0.5% respectively for the second year.

	First Year <i>(01 Jul 07 – 30 Jun 08)</i>	Second Year <i>(01 Jul 08 – 30 Jun 09)</i>
1st Tier	2% of first \$40,000 of total CPF contribution (max \$800)	1% of first \$40,000 of total CPF contribution (max \$400)
2nd Tier	1% of next \$40,000 of total CPF contribution (max \$400)	0.5% of next \$40,000 of total CPF contribution (max \$200)

To receive the rebates, firms will have to apply to CPF Board and declare that they meet the SME qualifying criteria. Further details of the application process and eligibility criteria will be released by 1 May 2007.