

Budget Statement 2007



**Ready for the Future
Ready for the World**

Securing our Future

- **Build Capabilities for the Future**
- **Strengthen Social Security System**
- **Reduce Direct Taxes and Raise Additional Revenues, including GST**
- **Provide Singaporeans with GST Offset Package**

Budget 2007

Building Capabilities for the Future

- **Invest in Our People**
- **Invest in R&D**
- **Make Singapore the Best Place to Start and Grow
Businesses**
- **Grow “High-Trust” Services**
- **Invest in Economic Infrastructure**
- **Transform our City and Living Environment**

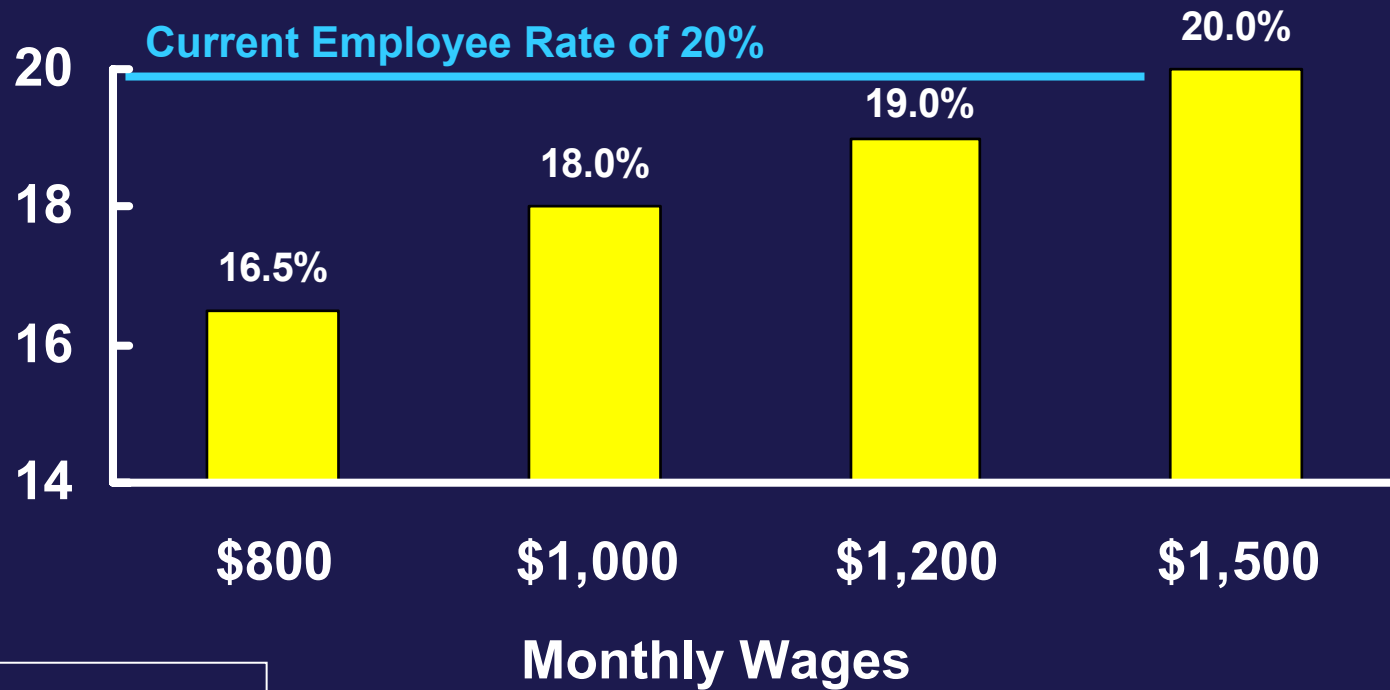
Investments for the Future



Strengthening Our Social Security System

Reducing Employee CPF

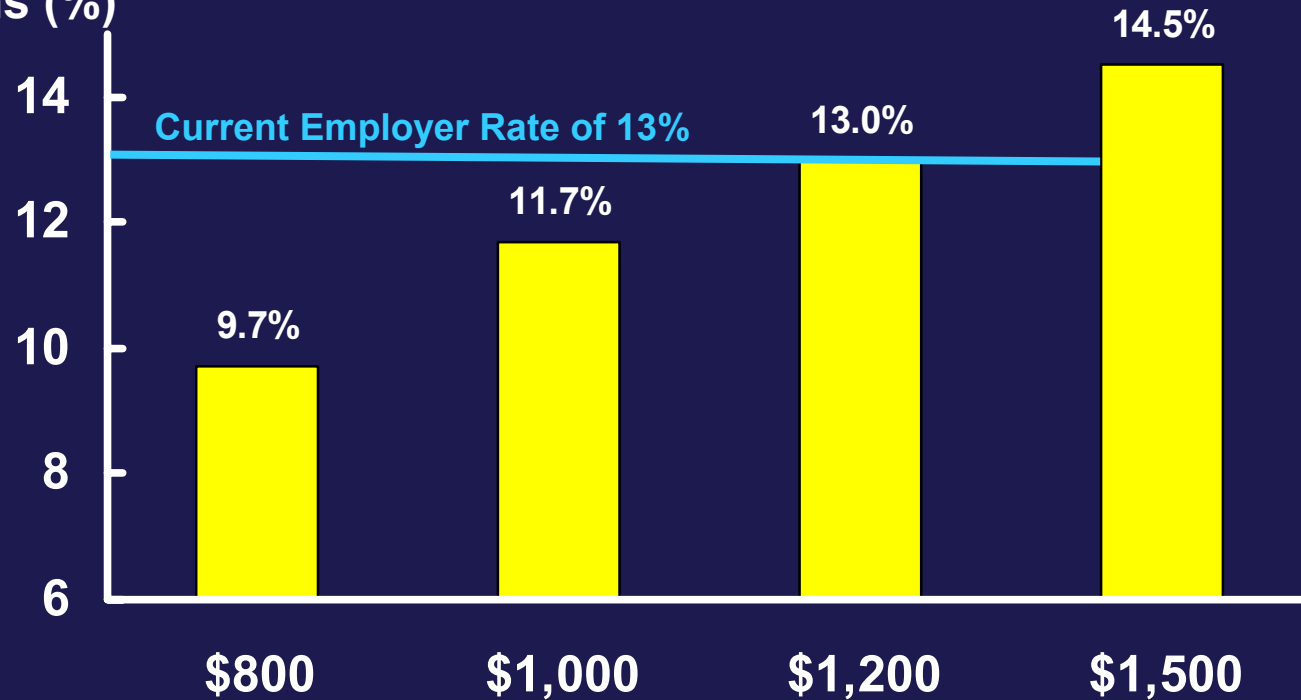
Employee CPF Contributions (%)



Worker aged < 50

Restructuring Employer CPF

Employer CPF Contributions (%)



Worker aged 35 - 50

Monthly Wages

46 year-old Employee Earning \$800/month

	Current	New
Cash	\$640	\$697
CPF	\$264	\$280
Employer Savings	-	\$27

WIS Contributes



46 year-old Employee Earning \$1,000/month

	Current	New
Cash	\$800	\$849
CPF	\$330	\$368
Employer Savings	-	\$13

WIS Contributes

\$100

\$49

\$38

\$13

Self Employed Earning \$1000/month

Medisave
Contributions (\$)

100

50

0

Current

New

\$80

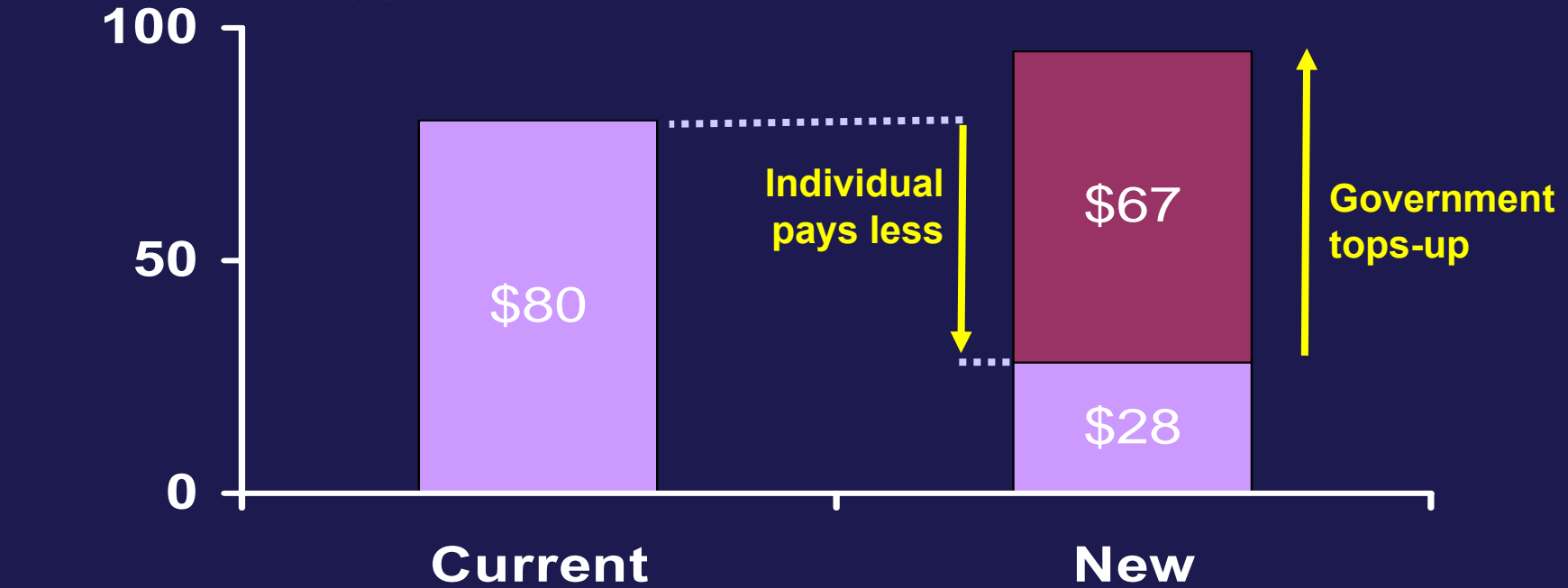
Individual
pays less

\$67

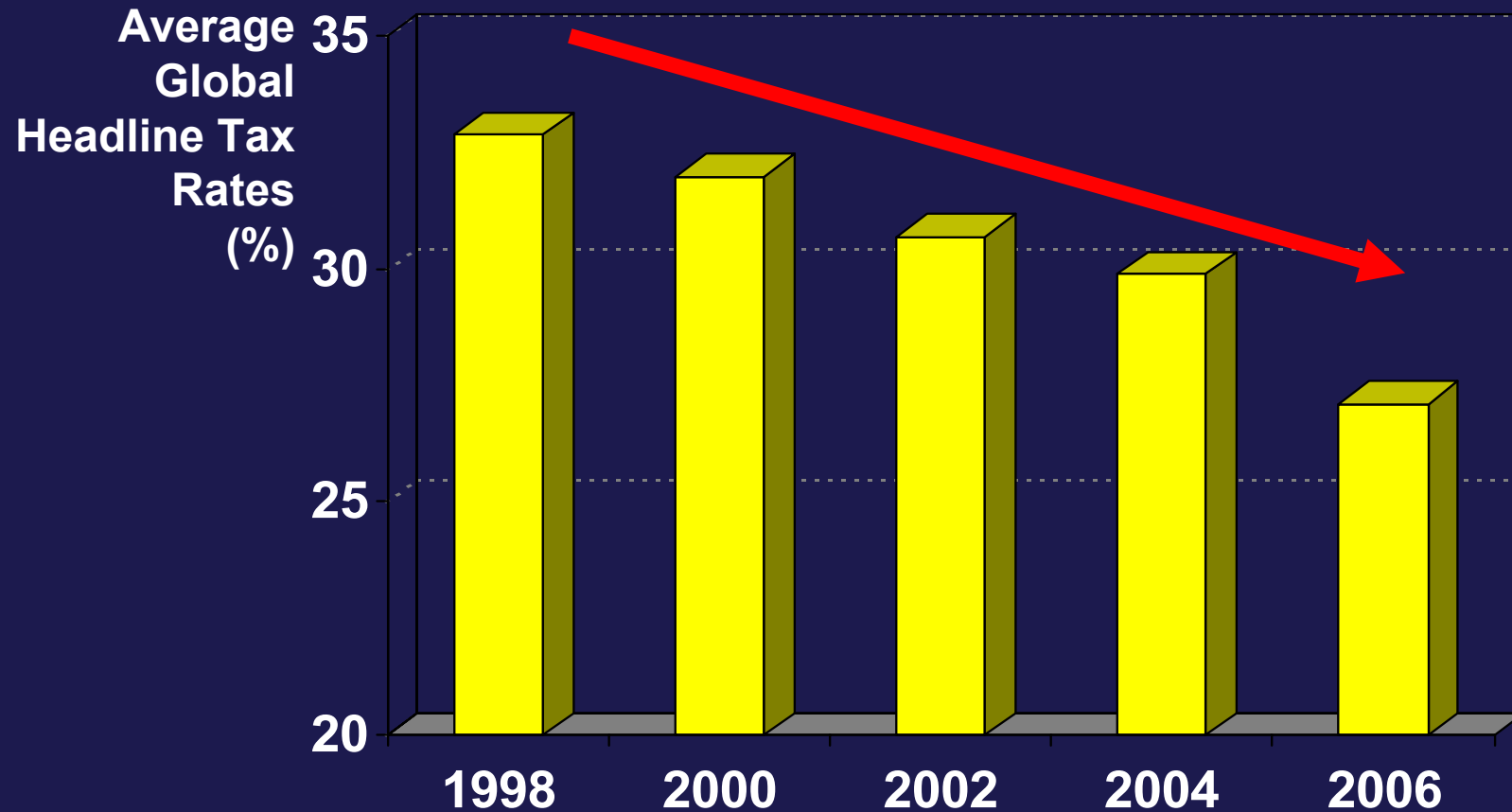
Government
tops-up

\$28

Worker Aged 46



Declining Global Corporate Tax Rates



Revenue Structure for the Future

- **80% of taxable companies pay effective tax rates of $< 10\%$**
- **Company with chargeable income of \$500,000 will pay amongst the lowest tax rates in the world**



Best Location to Start and Grow Companies

Revenue Structure for the Future

- **Abolish Cess**
- **Reduce Road Tax**
- **Reduce Foreign Domestic Worker Levy**
- **Reduce Foreign Worker Levy**

Rationalising Indirect Taxes

Revenue Structure for the Future

- **Extend Tax Relief for Cash Top-ups to CPF Accounts by Siblings**
- **Extend Stamp Duty Relief**
- **Rationalise Liquor Duties**
- **Review Asset Taxes**

Rationalising Indirect Taxes

GST Credits

GST Offset Package

		Annual Value (AV) of Home		
		$\leq \$5,000$	$\$5,001 - \$10,000$	$> \$10,000$
Assessable Income (AI)	$\leq \$24,000$	\$1,000 (\$250/yr for 4 yrs)	\$800 (\$200/yr for 4 yrs)	\$400 (\$100/yr for 4 yrs)
	$\$24,001 - \$100,000$			
	$> \$100,000$	\$100 for a year		

Additional \$100 for NSFs and NSmen

Senior Citizens' Bonus

GST Offset Package

		Annual Value (AV) of Home		
		≤ \$5,000	\$5,001 - \$10,000	> \$10,000
Assessable Income (AI)	≤ \$24,000	\$600 (55 -59 yrs) \$1,000 (60 yrs & above)	\$400 (55-59 yrs) \$800 (60 yrs & above)	\$200 (55-59 yrs) \$400 (60 yrs & above)
	\$24,001 - \$100,000			

Bonus will be given out over 4 years

Top-Ups to Post Secondary Education Accounts

GST Offset
Package

Age in Year of Payout	Annual Value \leq \$10,000	Annual Value $>$ \$10,000
7 to 12	\$200	\$100
13 to 20	\$400	\$200

U-Save, S&CC and Rental Rebates

GST Offset Package

Amount over 5 years (FY2007 – 2011)

HDB Flat Type	U-Save Rebates (\$)	S&CC Rebates (months)	Rental Rebates (months)
1R	1,020	15	15
2R	1,020	12	8
3R	840	8	-
4R	790	7	-
5R	500	5	-
Exec	330	2.5	-

GST Offset Package

- **Property Tax Rebate**
- **Assistance for Low-Income Families with Young Children**
- **Assistance for Pensioners**

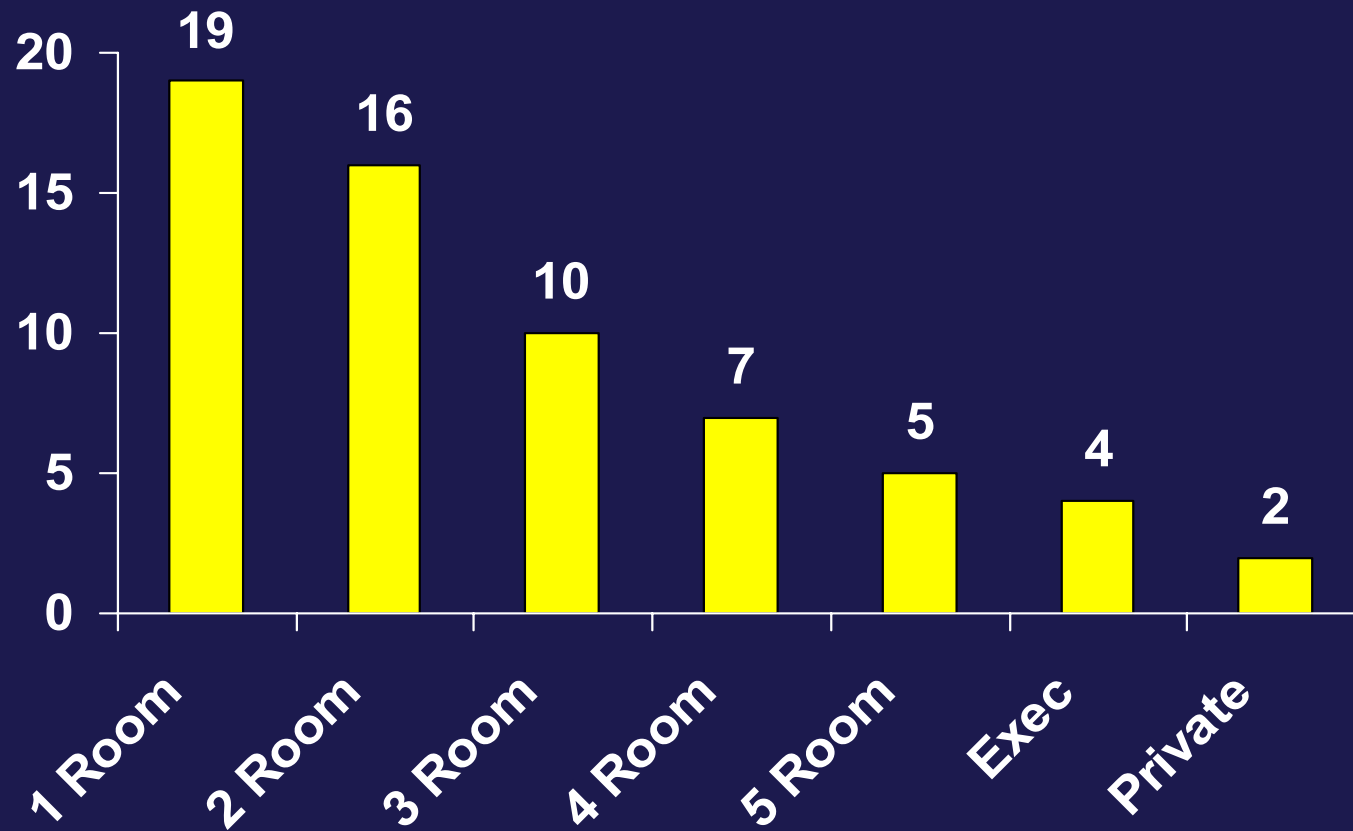
GST Offset Package

GST Offset Package

- **Public Transport Fund**
- **Assistance through Citizens' Consultative Committees, Self-help Groups and VWOs**
- **Additional Subsidies for Healthcare, Education and S&CC**

GST Offset Package

Number of Years of GST Offset



Tan Family

Age: **42 and 37**

House: **4-room HDB**

Children: **2**

Pay: **\$2800/ month**

\$1000/ month

Additional GST: **\$685**

Long-term Measures (\$)

Workfare Income Supplement	900/yr
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CPF Changes	344/yr
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GST Offset Package (\$)

GST Credits (including NS component)	1700
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U-Save Rebates	790
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S&CC Rebates	343
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PSEA Top-ups	1200
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Property Tax Rebate	200
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TOTAL	\$4233
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Years of Offset	6
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