

8 Glossary of Terms

Automatic Stabilisers

In macroeconomics, automatic stabilisers work as a tool to dampen fluctuations in real GDP without any explicit policy action by the Government.

Central Provident Fund (CPF)

A fully-funded compulsory defined contribution scheme in which workers and employers set aside a portion of wages in individualised accounts for retirement.

Chargeable Income

The portion of income assessable to tax after accounting for exemptions, deductions and allowances.

Continuing Education and Training (CET)

CET refers to the education and training activities for adults who have left the formal school system. This fulfils the social and economic objectives of keeping our people employed in the changing economy.

Countercyclical

Moving in the opposite direction compared to the overall economic cycle: rising when the economy is weakening, and falling when the economy is strengthening. See also *Procyclical*.

Customs Duty

A tax on goods imported into Singapore. In Singapore, customs duty is principally imposed on stout and porter, beer and ale, medicated samsu and other samsu.

Development Expenditure

Generally refers to expenses that represent a longer-term investment and results in the formation of a capitalisable asset of the Government. Examples of spending areas are the acquisition of heavy equipments, as well as capitalisable assets, e.g. buildings and roads.

Effective Tax Burden

The amount of tax suffered by a taxpayer after accounting for the all relevant

provisions of the tax system, and not just focusing on a single characteristic such as the headline corporate tax rate.

Estate Duty

Duty charged on the assets of a deceased person.

Excise Tax

A tax on goods whether manufactured in Singapore or elsewhere. In Singapore, excise tax is imposed principally on tobacco, petroleum products, motor vehicles and liquor to achieve social and transport policy objectives.

Fiscal Impulse (FI)

A measure of the first-order impact of the Government's net injection or withdrawal from the economy arising from its fiscal policy. If the Government extracts more revenue than it spends as compared to a previous year, it is subtracting from the aggregate demand pressures inherent in the economy, fiscal impulse would be deemed as contractionary. Conversely, if the Government extracts less revenue than it spends as compared to a previous year, this would be deemed as an expansionary fiscal impulse.

Financial Year (FY)

Singapore Government's Financial Year 2009 is from 1 April 2009 to 31 March 2010.

Goods and Services Tax (GST)

Goods and Services Tax (GST) is a tax on domestic consumption of almost all goods and services in Singapore. The tax is paid when money is spent on goods or services, including imports. It is a multi-stage tax which is collected at every stage of the production and distribution chain. GST is often used inter-changeably with the Value Added Tax (VAT).

Government Endowment Fund

A fund established with an injection of Government monies as principal on which the income generated will be used to finance specific programmes on an ongoing basis. The 5 government endowment funds include the Lifelong Learning Fund, the Eldercare Fund,

Medifund, Edusave Fund and ComCare Fund.

Gross Domestic Product (GDP)

A measure of the total flow of goods and services produced by the economy over a specified time period, normally a year. It is obtained by valuing outputs of goods and services at market prices. Real GDP refers to GDP figures adjusted for inflation.

Operating Revenue

Refers to Government receipts credited to the Consolidated Revenue Account and Development Fund Account excluding investment and interest income, capital receipts (lumpy and less regular in timing) and investment adjustments. The main components are Corporate Income Tax, Personal Income Tax and Goods and Services Tax.

Operating Expenditure

Generally refers to expenses incurred to maintain the operations and other regular activities of the Government. Components include expenditure on manpower (EOM) – for wages of public service officers, other operating expenditure (OOE) – for all other forms of expenditure incurred in the running of the Government, and operating grants to statutory boards and aided educational institutions, which support the day-to-day running of these agencies.

Output Gap

The difference between the actual level of activity in an economy (as measured by GDP) versus the sustainable amount of activity given the capacity of the economy (i.e. the level of GDP that the economy could potentially achieve without creating unhealthy inflationary pressures). It measures the degree of resource utilisation of the economy. The output gap is typically reported as a percentage of GDP to give a sense of the proportion with which the economy is over or under capacity. Where the output gap is negative (deflationary gap), the economy is not operating at full capacity, and may well be in danger of sliding into a recession if demand is not boosted. Where the output gap is positive

(inflationary gap), it indicates that the economy is operating over-capacity, resources are stretched and inflation pressures are strong.

Past Reserves

Refers to the reserves not accumulated by the Government during its current term of office, with reserves being the excess of assets over liabilities.

Primary Budget Position

The Primary Budget Position, defined as Operating Revenue less Total Expenditure, measures the ability of the Government to meet its annual expenditures through its regular collection of revenue (taxes, fees and charges).

Procyclical

Moving in the same direction as the overall economic cycle: falling when the economy is weakening, and rising when the economy is strengthening. See also *Countercyclical*.

Stamp Duty

A tax imposed on commercial and legal documents relating to unlisted stock and shares and immovable property.

Workfare Income Supplement (WIS) Scheme

Targeted at older low wage workers, it complements the changes to CPF employer and employee contribution rates that came into effect on 1st July 2007. It provides incentives for older low wage workers to find work and stay in work, while at the same time helping them to save for their longer term needs.

Total (Government) Expenditure

Sum of Operating and Development Expenditure. It excludes Special Transfers unless otherwise mentioned.

Year of Assessment (YA)

Refers to the year in which tax on the income earned in the preceding year is assessed.