

MOF Budget Quiz 2010 Finals

Jointly organized by:

MINISTRY OF FINANCE
SINGAPORE



NUS Economics Society

Question 1

Currently, only owners of brand new green vehicles are entitled to the Green Vehicle Rebate. The scope of the Green Vehicle Rebate scheme will be extended to include imported used green vehicles with effect from 1 April 2010. Which of the following rationale for the change is true?

A. To increase taxes

C. To encourage the use of green vehicles

B. To shift the mode of transport towards public transport

D. To encourage the use of petrol or diesel powered vehicles

Question 1

Extending the Green Vehicle Rebate scheme to include imported used green vehicles on top of brand new green vehicles will encourage more green vehicles to be used.

A. To increase taxes

C. To encourage the use of green vehicles

B. To shift the mode of transport towards public transport

D. To encourage the use of petrol or diesel powered vehicles

Question 2

What is the key focus and objective of Budget 2010?

A. Investing in Skills, Innovation and Productivity

C. Dealing with Inflation

B. Responding to Global Economic Crisis

D. Keeping Jobs, Building for the Future

Question 2

The key focus and objective of Budget 2010 is investing in skills and innovation to raise productivity.

A. Investing in Skills, Innovation and Productivity

C. Dealing with Inflation

B. Responding to Global Economic Crisis

D. Keeping Jobs, Building for the Future

Question 3

Which of the following is true of the Partnerships for Capability Transformation (PACT)?

- (i) PACT facilitates the development of local enterprises' competencies, for e.g. helping local enterprises meet stringent certification requirements.
- (ii) Local enterprises can claim 50% of the costs involved in obtaining the relevant competencies
- (iii) The PACT programme will subsume the existing Local Industry Upgrading Programme (LIUP).

A. (i) and (ii) only

C. (ii) and (iii) only

B. (i) and (iii) only

D. All of the above

Question 3

“... This will include helping local companies develop the competencies needed to meet stringent manufacturing quality and certification requirements. This will be under a new programme called Partnerships for Capability Transformation, or PACT for short, which will subsume the existing LIUP.”

A. (i) and (ii) only

C. (ii) and (iii) only

B. (i) and (iii) only

D. All of the above

Question 4

In Budget 2010, a new one-off tax allowance will be to help defray a portion of their acquisition costs for qualifying Mergers and Acquisitions (M&As) executed from 1 Apr 2010 to 31 Mar 2015, with the following features:

- (i) 5% of the value of the qualifying M&A deal
- (ii) Capped at \$5 million
- (iii) Written down over 5 years.

Company X is intending to complete the acquisition of Company Y on 10th December 2010 at a cost of \$150 million. What is the annual tax allowance Company X can stand to get with this new tax allowance to defray acquisition costs?

A. \$1 million

C. \$5 million

B. \$1.5 million

D. \$7.5 million

Question 4

$$5\% * \$150\text{m} = \$7.5\text{m}.$$

However, as the allowance is capped at \$5m, the annual tax allowance (after dividing by 5 years) is \$1m per year.

A. \$1 million

C. \$5 million

B. \$1.5 million

D. \$7.5 million

Question 5

Singapore's key goal of achieving 2% to 3% productivity growth per year over the next 10 years will enable which of the following to be achieved?

- (i) Higher wages
- (ii) Higher real incomes
- (iii) Higher economic growth

A. (i) and (ii) only

C. (i) and (iii) only

B. (ii) and (iii) only

D. All of the above

Question 5

“Raising skills and productivity is the only viable way we can achieve higher wages, and is also the best way to help citizens with low incomes. If we achieve this goal, we can raise real incomes by one-third in 10 years. It will also allow us to maintain a healthy rate of economic growth of 3% to 5% a year, even with the slower growth of our workforce.”

A. (i) and (ii) only

C. (i) and (iii) only

B. (ii) and (iii) only

D. All of the above

Question 6

The government will be putting in place a series of tax and finance incentives over the next five years to develop Singapore as a _____ hub, in particular as an International _____ Centre.

A. Manufacturing; Wholesale

C. Agricultural; Agrotechnology

B. Transportation; Maritime

D. Service; Insurance

Question 6

To further develop Singapore as a transportation hub and in particular, an International Maritime Centre, the Government has introduced initiatives such as tax incentives, renewing the Maritime Finance Incentive and expanding the scope of GST zero-rating for the marine industry.

A. Manufacturing; Wholesale

C. Agricultural; Agrotechnology

B. Transportation; Maritime

D. Service; Insurance

Question 7

The Workfare Training Scheme (WTS) is aimed at helping enterprises send their employees for training and skills upgrading. What are the main components of this scheme?

- (i) Provide employers with 90% to 95% of funding to offset the payrolls of employees who are on course and also the employees' course fees outlays
- (ii) Cash grants for WIS recipients who complete their training
- (iii) Introduce a structured training programme for those with very low skills

A. (i) and (ii) only

C. (i) and (iii) only

B. (ii) and (iii) only

D. All of the above

Question 7

“The WTS will firstly provide their employers with 90% to 95% of funding for absentee payroll and course fee outlays. Secondly, to recognise the efforts of the workers who go for this skills upgrading, we will provide them with cash grants when they complete their training. WTS will also include a structured training programme for those with very low skills, including those who may be out of a job.”

A. (i) and (ii) only

C. (i) and (iii) only

B. (ii) and (iii) only

D. All of the above

Question 8

What is the Government's rationale for increasing foreign worker levies in Budget 2010?

A. To reduce the number of Singaporeans employed in low skilled jobs

C. To reduce dependency on low-wage manpower, support enterprise innovation and upgrade through productivity improvements

B. To encourage employers to hire white collared foreign workers

D. To increase the demand for foreign workers across all sectors

Question 8

“We will complement our support for enterprise innovation and upgrading by raising foreign worker levies. The increase will be calibrated and carefully phased in, so as to give companies a clear incentive to upgrade while providing them time to develop plans to re-gear and grow through productivity improvements.”

A. To reduce the number of Singaporeans employed in low skilled jobs

C. To reduce dependency on low-wage manpower, support enterprise innovation and upgrade through productivity improvements

B. To encourage employers to hire white collared foreign workers

D. To increase the demand for foreign workers across all sectors

Question 9

Which of the following is not one of the measures announced in Budget 2010 to help taxpayers care for their dependants, particularly the elderly and handicapped?

- (i) Increase income threshold to claim tax reliefs
- (ii) Giving priority to taxpayers and their dependants when applying for government flats
- (iii) Expand wife relief to spouse relief, to support family formation and provide recognition to male and female taxpayers supporting their spouses

A. (i)

C. (iii)

B. (ii)

D. None of the above

Question 9

“I will increase the income threshold for dependant-related reliefs. (...) This increase recognises taxpayers’ efforts in supporting family members who are genuinely dependant, while giving them the flexibility to do some incidental work. (...) Second, I will also allow wives who are taxpayers to claim a spouse relief. (...) This will help families where the wife is the breadwinner, for instance where the husband has retired.”

A. (i)

C. (iii)

B. (ii)

D. None of the above

Question 10

The Government will be committing S\$450 million over five years to start a Public–Private Co–Innovation Partnership. Which of the following statements referring to the Partnership is false?

A. The partnership seeks to achieve short term solutions only

B. The partnership will enable innovative solutions to be developed in areas such as urban mobility and environmental sustainability

C. Key government agencies will share their technology needs publicly so private companies have greater visibility of co–innovation opportunities

D. Grants will be given to help private sector companies build R&D capabilities and test–bed innovative solutions

Question 10

“... start a Public–Private Co–Innovation Partnership (...) in co–developing innovative solutions for **medium– to long–term needs**, in areas such as **urban mobility, environmental sustainability and energy security**. (...) Key government agencies will share **their technology roadmaps and future needs publicly**, and provide **grants** to help companies test–bed innovative solutions to meet these needs.

A. The partnership seeks to achieve short term solutions only

B. The partnership will enable innovative solutions to be developed in areas such as urban mobility and environmental sustainability

C. Key government agencies will share their technology needs publicly so private companies have greater visibility of co–innovation opportunities

D. Grants will be given to help private sector companies build R&D capabilities and test–bed innovative solutions

Question 11

Currently, owner-occupied residential properties are taxed at a concessional rate of 4% of the Annual Value. For property tax payable from Jan 2011, a progressive 3-tier property tax system will be introduced:

- (i) 0% for the first \$6,000 of AV;
- (ii) 4% for the next \$59,000 of AV;
- (iii) 6% for the balance of AV in excess of \$65,000.

Taxes for non-owner-occupied residential properties remain at 10%. Consider a 4-room owner-occupied HDB flat with Annual Value of \$8,000 which pays \$320 in property taxes ($4\% \times \$8,000$) currently.

What is the property tax payable for this flat under the new progressive property tax system?

A. \$80

C. \$320

B. \$240

D. \$800

Question 11

The first \$6,000 is non-taxable. The next \$2,000 * 4% = \$80

A. \$80

C. \$320

B. \$240

D. \$800

Question 12

The Land Intensification Allowance (LIA) is a new initiative introduced in Budget 2010, to replace the Industrial Building Allowance (IBA).

This is because the IBA's objective was to _____ in Singapore's early development years, which is no longer adequate to meet Singapore's current priority – to promote the intensification of industrial land use towards more _____ activities.

A. Reserve industrial land; high technology

C. Achieve full utilization of land; labour-intensive

B. Encourage industrialization; land-efficient and higher value-added

D. Assist in the development of manufacturing firms; environmentally friendly

Question 12

“The Industrial Building Allowance (IBA) was introduced in the 1940s to encourage industrialisation. The IBA has met its objective but is no longer adequate or relevant to meet our current priorities. (...) We should promote the intensification of industrial land use, towards more land-efficient and higher value-added activities.”

A. Reserve industrial land; high technology

C. Achieve full utilization of land; labour-intensive

B. Encourage industrialization; land-efficient and higher value-added

D. Assist in the development of manufacturing firms; environmentally friendly

Question 13

The newly introduced Workfare Training Scheme (WTS) is devised to complement which existing scheme?

A. Workers Intensive Scheme

C. Workfare Incentive Scheme

B. Workers Improvement Supplement

D. Workfare Income Supplement

Question 13

The Workfare Training Scheme is a 3 year scheme devised to complement the existing Workfare Income Supplement.

A. Workers Intensive Scheme

C. Workfare Incentive Scheme

B. Workers Improvement Supplement

D. Workfare Income Supplement

Question 14

Which of the following statements is accurate in explaining the Government's position on economic restructuring?

A. The Government encourages businesses to grow and scale up, through organic growth or through mergers and acquisitions

B. The Government decides which sectors to grow or decline, regardless of market forces

C. The Government does not encourage economic restructuring but leaves the economy to market forces

D. The Government nationalizes all key industries to safeguard national interests

Question 14

We must (...) allow the most efficient and competitive players the room to grow and scale up, either through organic growth or through mergers and acquisitions (M&A). But the Government cannot decide which enterprises should succeed or phase out. (...) We must rely on the market to achieve this restructuring.

A. The Government encourages businesses to grow and scale up, through organic growth or through mergers and acquisitions

C. The Government does not encourage economic restructuring but leaves the economy to market forces

B. The Government decides which sectors to grow or decline, regardless of market forces

D. The Government nationalizes all key industries to safeguard national interests

Question 15

The Government will create a National Productivity Fund (NPF) to provide funding for initiatives which are customised to specific industries, clusters and enterprises. Out of the first \$1 billion of National Productivity Fund, around \$250 million will be used to raise productivity in the _____ sector.

A. Information technology

C. Pharmaceutical

B. Aviation and aerospace

D. Construction

Question 15

“Around \$250 million of the first \$1 billion of funding in the NPF will be dedicated to raising productivity in the construction sector.”

A. Information technology

C. Pharmaceutical

B. Aviation and aerospace

D. Construction

Question 16

The Government will provide a top-up of \$230 million to the Post-Secondary Education Account (PSEA) accounts of young Singaporeans to encourage Singaporean to complete their post-secondary education. Details of the top-up are given in the table below.

What can the PSEA funds be used for?

- (i) Undergraduate and postgraduate programmes
- (ii) Singapore Workforce Skills Qualification (WSQ) courses
- (iii) Polytechnic Diploma Courses

| | Annual Value of Home in 2009 | |
|-------------|------------------------------|--------------------|
| Age in 2010 | Up to \$11,000 | More than \$11,000 |
| 7 - 11 | \$200 | \$100 |
| 13 - 20 | \$500 | \$250 |

A. (i) and (ii) only

C. (i) and (iii) only

B. (ii) and (iii) only

D. All of the above

Question 16

PSEA funds helps to encourage every family to put their children through a tertiary education at ITE, polytechnics and universities. The funds can also be used in WSQ courses.

A. (i) and (ii) only

C. (i) and (iii) only

B. (ii) and (iii) only

D. All of the above