

INCLUDING ALL SINGAPOREANS IN GROWTH

The Government will be spending \$1.4 billion in direct transfers for households in FY2010. Inclusive of the Workfare Income Supplement, the total sum transferred to households is \$1.8 billion.

(A) Shift to a Progressive Property Tax Regime

(A1) Shifting to a Progressive Property Tax Regime (New)

Currently, owner-occupied residential properties are taxed at a concessionary 4% rate (instead of 10% for all other properties). In addition, owner-occupied residential properties with Annual Values (AVs) below \$10,000 can enjoy the on-going 1994 property tax rebates ranging from \$25 to \$150, depending on the AVs of their properties.

For property tax payable from January 2011, the existing 1994 property tax rebates will be replaced by a progressive property tax schedule for owner-occupied residential properties. Three tiers of property tax rates for such properties will be introduced – 0%, 4% and 6%:

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

The new property tax system will benefit most Singaporeans. All owner-occupied homes will enjoy tax savings of \$240 as a result of the exemption of the first \$6,000 of AV. This will mean that all HDB flat owners and the large majority of private property owners will pay lower taxes.

Owners of high-end properties with AVs of more than \$77,000, will see a small increase in tax payable, as their effective tax rates will be higher than the current 4%. They comprise the top 3% of private owner-occupied residential properties, or the top 0.4% of all owner-occupied homes in Singapore.

Non-owner-occupied residential properties and other properties will continue to be subject to 10% property tax.

(B) Increasing Tax Reliefs for Families

(B1) Enhancing Parent Relief (Enhanced)

A taxpayer may claim this relief if he supported his or his spouse's parents, grandparents and great grandparents in the previous year.

To provide greater recognition for those who are looking after parents, grandparents and great-parents, the parent relief will be increased to:

- a. \$7,000 (from \$5,000 currently) for taxpayers who are staying with their dependants;
- b. \$4,500 (from \$3,500 currently) for taxpayers who are not staying with their dependants;
- c. \$11,000 (from \$8,000 currently) for taxpayers who are staying with their handicapped dependants; and
- d. \$8,000 (from \$6,500 currently) for taxpayers who are not staying with their handicapped dependants.

These changes will be implemented from Year of Assessment 2010.

(B2) Enhancing Wife Relief to Spouse Relief (Enhanced)

With effect from Year of Assessment 2010, the Government will allow wives who are taxpayers to claim a spouse relief of \$2,000, similar to the current scheme for husbands. This will help families where the wife is the breadwinner, for instance where the husband has retired. Accordingly, wife relief will be renamed as “spouse relief.”

(B3) Raising Income Threshold of Dependants for Taxpayers to Claim Dependant-Related Reliefs (Enhanced)

Currently, the income of the dependant cannot exceed \$2,000 in the preceding year if a taxpayer wishes to claim the following dependant-related reliefs:

- Handicapped Sibling Relief;
- Wife Relief;
- Handicapped Spouse Relief;
- Parent Relief;
- Handicapped Parent Relief;
- Qualifying Child Relief;
- Handicapped Child Relief;
- Working Mother’s Child Relief;
- CPF Cash Top-up Relief for top-ups into the CPF accounts of spouses or siblings

The Government will increase the income threshold for dependant-related reliefs from \$2,000 to \$4,000.

In recognition of the extra resources and attention needed in providing care for the disabled, the Government will also remove the income threshold for handicapped dependant-related relief.

The changes for the dependant-related reliefs will be implemented from Year of Assessment 2010, except for the CPF Cash Top-up Relief for top-ups to the CPF accounts of spouse and siblings (for which the changes to the income threshold will be effective from Year of Assessment 2011).

(C) Increase Course Fee Relief

(C1) Increasing Course Fee Relief (Enhanced)

To support for lifelong learning, the Government will increase the course fees relief from \$3,500 to \$5,500 with effect from Year of Assessment 2011.

(D) Support for Charitable Giving

(D1) Extending Tax Deduction for Donations (Extended)

In Budget 2009, the Government had increased the tax deduction for donations made in 2009 to Institutions of Public Character (IPCs) and other approved institutions from 200% to 250%.

The Government will extend this measure for an additional year, to give additional support to charitable giving as the economy recovers.

(E) Measures to Support Households

(E1) Top-up to Central Provident Fund-Medisave Accounts (CPF-MA) (Enhanced)

The Government will provide a one-off top-up to the CPF-Medisave Accounts of older Singaporeans. Details are given in the table below.

Annual Assessable Income (AI) in 2009	Annual Value of Home in 2009	
	Up to \$6,000	More than \$6,000
Up to \$29,000 ¹	Aged ² 50-59: \$300 Aged 60-69: \$400 Aged 70 and above: \$500	Aged 50-59: \$200 Aged 60-69: \$300 Aged 70 and above: \$400
\$29,001 - \$100,000		
More than \$100,000		\$0

(E2) Top-ups to Medifund and ElderCare Endowment Fund (Enhanced)

As part of its ongoing efforts to set aside funds to meet Singaporeans' long term healthcare needs, the Government will set aside in Budget 2010 \$200 million each for the following Funds:

- a. **Medifund**, which supports needy Singaporeans;
- b. **ElderCare Fund**, which supports the needs of elderly Singaporeans with their long-term healthcare needs.

¹ Based on the median gross annual income of employed residents (i.e. full-time and part-time) in 2008. The income threshold will also be adjusted for 2010 GST Credits and Senior Citizens' Bonus.

² Age in 2010.

(E3) Top-up to Post-Secondary Education Account (Enhanced)

The Government will provide a top-up of \$230 million to the Post-Secondary Education Account (PSEA) accounts of young Singaporeans.

Details of the top-up are given in the table below.

Age in 2010	Annual Value of Home in 2009	
	Up to \$11,000	More than \$11,000
7 to 12	\$200	\$100
13 to 20	\$500	\$250

(F) Raising Productivity

(F1) Introduction of Workfare Training Scheme (WTS) (New)

The Government will introduce a three-year Workfare Training Scheme (WTS) to complement the Workfare Income Supplement (WIS) scheme. The WTS will:

- Subsidise 90% to 95% of absentee payroll and course fee outlay for employers, when they send their older low-wage workers for training;
- Provide cash grants, capped at \$400 per year, when WIS recipients complete their training;
- Introduce a structured training programme for those with very low skills, including those who are unemployed.

(F2) Enhancement of Workfare Income Supplement (Enhanced)

The Government will enhance the Workfare Income Supplement (WIS) as follows:

- Higher payouts. Maximum payouts for the WIS will be increased by between \$150 and \$400, with more going to older workers to encourage them to remain in the workforce;
- Extension to more workers. Those earning up to \$1,700 per month will now be eligible for WIS, up from the current limit of \$1,500 per month.

Further details of the enhancements to Workfare (WIS and WTS) will be announced during the Ministry of Manpower's Committee of Supply.