<u>**ANNEX G-1: TAX CHANGES**</u>

(A) Tax Changes for Businesses

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
Maintaining the Competitiveness and Resilience of the Tax System			
1.	Implement the Global Anti-Base Erosion (GloBE) Rules (i.e., Income Inclusion Rule and Undertaxed Profits Rule) and Domestic Top-up Tax (DTT)[1]	In Budget 2022, Minister for Finance announced that in response to the global minimum effective tax rate under the Pillar 2 GloBE rules of the Base Erosion and Profit Shifting (BEPS) 2.0 project, and based on consultation with industry stakeholders, MOF would study the introduction of a top-up tax. If introduced, this would top up the effective tax rate of multinational enterprises operating in Singapore with annual group revenue of at least €750 million, as reflected in the consolidated financial statements of the ultimate parent entity, to 15%.	Singapore plans to implement the GloBE rules and DTT from businesses' financial year starting on or after 1 January 2025. We will continue to monitor the international developments and adjust our implementation timeline as needed if there are delays internationally. We will also continue to engage businesses and provide them with sufficient notice ahead of any rules becoming effective.
2.	Introduce the Enterprise Innovation Scheme (EIS)	Currently, the following tax measures are available to encourage research and development (R&D), intellectual property (IP) registration, IP rights acquisition and IP rights licensing: a) 250% tax deduction for staff costs and consumables incurred on qualifying R&D projects conducted in Singapore under sections 14C and 14D of the Income Tax Act 1947	To encourage businesses to engage in R&D, innovation and capability development activities, the following suite of tax measures will be enhanced or introduced under the EIS: a) Enhance the tax deduction to 400% for the first $400,000 of staff costs and consumables incurred on qualifying R&D projects conducted in Singapore for each YA from YA2024 to YA2028.

[1] Formerly referred to as Minimum Effective Tax Rate (METR).

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
		(ITA). Current sunset date is Year of Assessment (YA) 2025. b) 200% tax deduction for the first $100,000 (and 100% for amounts exceeding $100,000) of qualifying IP registration costs under section 14A of the ITA. Current sunset date is YA2025. c) 100% writing-down allowance (WDA) over a period of five, 10 or 15 years on acquisition cost of qualifying IP rights under section 19B of the ITA. Current sunset date is YA2025. d) 200% tax deduction for the first $100,000 (and 100% for amounts exceeding $100,000) of qualifying IP rights licensing expenditure under sections 14 or 14C, and 14U of the ITA. Current sunset date for section 14U is YA2025. In addition, 100% tax deduction can be claimed for training expenditure incurred, subject to the general tax deduction rules under sections 14 and 15 of the ITA.	b) Enhance the tax deduction to 400% for the first $400,000 of qualifying IP registration costs incurred per YA from YA2024 to YA2028. c) Enhance the tax allowance/deduction to 400% for the first $400,000 (combined cap) of qualifying expenditure incurred on the acquisition and licensing of IP rights per YA from YA2024 to YA2028. This enhancement will only be available to businesses that generate less than $500 million in revenue in the relevant YA. d) Enhance the tax deduction to 400% for the first $400,000 of qualifying training expenditure incurred on qualifying courses (i.e. courses that are eligible for SkillsFuture Singapore funding and aligned with the Skills Framework) per YA from YA2024 to YA2028. e) Introduce a 400% tax deduction for up to $50,000 of qualifying innovation expenditure incurred on qualifying innovation projects carried out with polytechnics, the Institute of Technical Education, and other qualified partners per YA from YA2024 to YA2028. f) Allow businesses to, in lieu of tax deductions/allowances, opt for a non-taxable cash payout at a cash conversion

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
			ratio of 20% on up to $100,000 of total qualifying expenditure across all qualifying activities in (a) to (e) above per YA. The cash payout option will be capped at $20,000 per YA, and will only be available to businesses which have at least three full-time local employees[2] (Singapore Citizens or Permanent Residents with CPF contributions) earning a gross monthly salary of at least $1,400 in employment for six months or more in the basis period of the relevant YA. g) The sunset dates for section 14A (Deduction for costs of protecting IP), section 14C (Deduction for qualifying expenditure on R&D), section 14D (Enhanced deduction for qualifying expenditure on R&D), section 14U (Enhanced deduction for expenditure on licensing IP rights) and section 19B (WDA for capital expenditure on acquiring IP rights) of the ITA will be extended till YA2028, in line with the above enhancements.

[2] For the purposes of the cash payout, "employees" may include individuals who are deployed to the business under a centralised hiring arrangement or secondment arrangement.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
			All other conditions under sections 14A, 14C, 14D, 14U and 19B of the ITA remain the same. For more information on this scheme, please refer to Annex D-1 IRAS will also provide further details of the changes by 30 June 2023.
3.	Enhance the Double Tax Deduction for Internationalisation (DTDi) Scheme	Under the DTDi scheme, businesses are allowed a tax deduction of 200% on qualifying market expansion and investment development expenses[3], subject to prior approval[4] from Enterprise Singapore (EnterpriseSG) or Singapore Tourism Board (STB). The DTDi scheme is in place until 31 December 2025.	E-commerce is an increasingly important and relevant mode of overseas expansion for businesses. To support businesses in their efforts to overcome initial challenges and build up capabilities in internationalising via e-commerce, the scope of the DTDi scheme will be enhanced to include a new qualifying activity "e-commerce campaign"[5] and cover the following e-commerce campaign startup expenses paid to e-commerce platform/service providers: a) <u>Business advisory</u>: Advisory on market promotion and execution plans (e.g. choice of suitable e-commerce platforms); b) <u>Account creation</u>: Assistance with setting up accounts on e-commerce platforms, and the right to sell on e-commerce platforms;

[3] For the full list activities and expenses that qualify for DTDi, please refer to EnterpriseSG's website: https://www.enterprisesg.gov.sg/financial-assistance/tax-incentives/tax-incentives/double-tax-deduction-for-internationalisation
[4] No prior approval is required from EnterpriseSG or STB for tax deduction on the first $150,000 of qualifying expenses incurred on selected eligible activities for each YA.
[5] "E-commerce" refers to the business of buying and selling goods and services on the Internet, while in the context of DTDi "campaign" refers to an organised course of action to promote goods and services abroad.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
			c) Content creation: Design of e-commerce campaign publicity materials (e.g. e-store banners, online product images); and d) Product listing and placement: Uploading content on products/services to e-commerce platforms, and selection of suitable frequency and timing to display content on products/services. Prior approval is required from EnterpriseSG to enjoy DTDi on the new qualifying activity. For each business, EnterpriseSG will only approve DTDi support for e-commerce campaigns for a maximum period of one year applied on a per-country basis. The above enhancement will take effect for qualifying e-commerce campaign startup expenses incurred on or after 15 February 2023. EnterpriseSG will provide further details of the changes by 28 February 2023.
4.	Provide an Option to Accelerate the Write-off of the Cost of Acquiring Plant and Machinery (P&M)	Businesses that incur capital expenditure on the acquisition of P&M may claim capital allowance (CA) under section 19 (i.e. write-off over the working life of the assets as specified in the Sixth Schedule) or section 19A (i.e. write-off over one or three years) of the ITA.	To provide temporary broad-based support to businesses during this period of restructuring, businesses that incur capital expenditure on the acquisition of P&M in the basis period for YA2024 (i.e. financial year ending in 2023) will have an option to accelerate the write-off of the

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
			cost of acquiring such P&M over two years. This option, if exercised, is irrevocable. The rates of accelerated CA allowed are as follows: a) 75% of the cost incurred to be written off in the first year (i.e. YA2024); and b) 25% of the cost incurred to be written-off in the second year (i.e. YA2025). The above option will be in addition to the options currently available under sections 19 and 19A of the ITA. No deferment of CA claims is allowed under the above option. This means that if a business opts for the accelerated write-off option, it needs to claim the capital expenditure incurred for acquiring P&M based on the rates of 75% (in YA2024) and 25% (in YA2025) over the two consecutive YAs.
5.	Provide an Option to Accelerate the Deduction for Renovation or	Under section 14N of the ITA, businesses that incur qualifying expenditure on R&R may claim tax deduction on such expenditure over three consecutive YAs on a straight-line basis, starting from the YA	To provide temporary broad-based support to businesses during this period of restructuring, businesses that incur qualifying expenditure on R&R during the basis period for YA2024 (i.e.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
	Refurbishment (R&R) Expenditure	relating to the basis period in which the R&R expenditure is incurred. A cap of $300,000 for every relevant period of the three consecutive YAs applies.	financial year ending in 2023) will have an option to claim R&R deduction in one YA (i.e. accelerated R&R deduction). The cap of $300,000 for every relevant period of three consecutive YAs will still apply. This option, if exercised, is irrevocable. This option will be in addition to the existing option currently available under section 14N of the ITA.
6.	Extend the Investment Allowance (IA) Scheme	The IA scheme provides an additional tax allowance for businesses which incur qualifying fixed capital expenditure on approved projects. This is calculated as a percentage of the amount of capital expenditure incurred, net of grants, on an approved project. The IA scheme, which is administered by the Singapore Economic Development Board, Building and Construction Authority, and EnterpriseSG, is scheduled to lapse after 31 December 2023.	To continue encouraging businesses to make capital investments in plant and productive equipment in Singapore, the IA scheme will be extended till 31 December 2028.
7.	Extend the IA-100% Scheme for Automation Projects	Businesses can enjoy 100% IA support on the amount of approved capital expenditure, net of grants, for automation projects approved by EnterpriseSG.	To continue to encourage businesses to transform through automation, the IA-100% scheme will be extended till 31 March 2026, with the same parameters.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
		The IA-100% scheme is scheduled to lapse after 31 March 2023.	
8.	Extend the Pioneer Certificate Incentive (PC) and Development and Expansion Incentive (DEI)	Both the PC and DEI aim to encourage companies to grow capabilities, conduct new or expanded economic activities, and establish their global or regional headquarters in Singapore. a) Under the PC, recipients are eligible for corporate tax exemption on income from qualifying activities. b) Under the DEI, recipients are eligible for concessionary tax rates of 5% or 10% on qualifying income. The PC and DEI are scheduled to lapse after 31 December 2023.	To continue encouraging companies to anchor and grow strategic high value-added manufacturing and services activities in Singapore, the PC and DEI will be extended till 31 December 2028.
9.	Extend the IP Development Incentive (IDI)	The IDI aims to support companies that use and commercialise IP rights arising from R&D in Singapore. Under IDI, recipients are eligible for concessionary tax rates of 5% or 10% on a percentage of qualifying IP income.	To continue supporting the use and commercialisation of IP rights arising from R&D activities in Singapore, the IDI will be extended till 31 December 2028.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
		The IDI is scheduled to lapse after 31 December 2023.	
10.	Extend and Refine the Qualifying Debt Securities (QDS) Scheme	The QDS scheme offers the following tax concessions on qualifying income from QDS: a) 10% concessionary tax rate for qualifying companies and bodies of persons in Singapore; and b) Tax exemption for qualifying non-residents and qualifying individuals. To qualify as QDS, debt securities must be substantially arranged in Singapore as follows: a) All debt securities must be substantially arranged by a financial sector incentive (capital market) company or a financial sector incentive (standard tier) company (collectively referred to as "FSI company"); and b) For insurance-linked securities (ILS)[6] that are unable to meet the condition in (a) above, at least 20% of the ILS issuance costs incurred by the issuer is paid to Singapore businesses. The QDS scheme is scheduled to lapse after 31 December 2023.	To continue supporting the development of Singapore's debt market, the QDS scheme will be extended till 31 December 2028. The scope of qualifying income under the QDS scheme will be streamlined and clarified such that it includes all payments in relation to early redemption of a QDS. To ensure continued relevance, the requirement that the QDS has to be substantially arranged in Singapore will be rationalised, as follows: a) For all debt securities that are issued on or after 15 February 2023, they must be substantially arranged in Singapore by a financial institution holding a specified licence (instead of a FSI company). b) For ILS that are issued on or after 1 January 2024, if they are unable to meet the condition in (a) above, at least 30% of the ILS issuance costs incurred by the issuer must be paid to Singapore businesses.

[6] Debt securities issued by Special Purpose Reinsurance Vehicles licensed under the Insurance Act 1966.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
			All other conditions of the scheme remain the same. The Monetary Authority of Singapore (MAS) will provide further details by 31 May 2023.
11.	Extend the Tax Exemption on Income Derived by Primary Dealers from Trading in Singapore Government Securities (SGS)	Tax exemption is granted on income derived by primary dealers[7] from trading in SGS. The tax exemption is scheduled to lapse after 31 December 2023.	To continue supporting primary dealers and encourage trading in SGS, the tax exemption on income derived by primary dealers from trading in SGS will be extended till 31 December 2028. All other conditions of the scheme remain the same.
12.	Extend and Refine the Tax Incentive Scheme for Approved Special Purpose Vehicle (ASPV) Engaged in Asset Securitisation Transactions (ASPV scheme) and Introduce a New Sub-scheme to	The ASPV scheme grants the following tax concessions to an ASPV engaged in asset securitisation transactions: a) Tax exemption on income derived by an ASPV from asset securitisation transactions; b) Goods and Services Tax (GST) recovery on its qualifying business expenses at a fixed rate of 76%; and c) Withholding tax (WHT) exemption on payments to qualifying non-residents on over-the-counter	To continue developing the structured debt market, the ASPV scheme will be extended till 31 December 2028. Instead of a fixed rate of 76%, the GST recovery rate will be the prevailing GST recovery rate/methodology accorded to licensed full banks under MAS for the specific year in question.

[7] Primary dealers are financial institutions appointed by MAS as a primary dealer under section 29A of the Government Securities (Debt Market and Investment) Act 1992.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
	Support Covered Bonds	financial derivatives in connection with an asset securitisation transaction. The ASPV scheme is scheduled to lapse after 31 December 2023.	All other tax concessions and conditions of the ASPV scheme remain the same. Further, to support the issuance of covered bonds in Singapore, a new sub-scheme named ASPV (Covered Bonds) will be introduced for the special purpose vehicle holding the "cover pool" in relation to the covered bonds as defined in MAS Notice 648. The ASPV (Covered Bonds) scheme will take effect from 15 February 2023 to 31 December 2028 and will be administered by MAS. MAS will provide further details by 31 May 2023.
13.	Extend and Refine the Financial Sector Incentive (FSI) Scheme	The FSI scheme accords concessionary tax rates of 5%, 10%, 12% and 13.5% on income from qualifying banking and financial activities, headquarters and corporate services, fund managing and investment advisory services.	To continue supporting the growth of financial sector activities in Singapore, the FSI scheme will be extended and refined as follows: a) The FSI scheme[8] will be extended till 31 December 2028.

[8] Under the FSI-Headquarter Services, WHT exemption is granted on interest payments made to qualifying non-residents during the award tenure on qualifying loans. The WHT exemption will similarly be extended till 31 December 2028.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
		The FSI scheme is scheduled to lapse after 31 December 2023.	b) The existing concessionary tax rates will be streamlined to two tiers of 10% and 13.5% for new and renewal awards approved on or after 1 January 2024, as follows: i) FSI-Capital Market, FSI-Derivatives Market and FSI-Credit Facilities Syndication – from 5% to 10%; ii) FSI-Fund Management and FSI-Headquarter Services – remain at 10%; iii) FSI-Trustee Companies – from 12% to 13.5%; and iv) FSI-Standard Tier – remain at 13.5%. c) The qualifying activities will be updated to ensure continued relevance. MAS will provide further details of the changes by 31 May 2023.
14.	Extend the Insurance Business Development – Insurance Broking	The IBD-IBB scheme grants approved insurance and reinsurance brokers a concessionary tax rate of 10% on commission and fee income derived from insurance broking and advisory services.	To further strengthen Singapore's position as a leading insurance and reinsurance centre, the IBD-IBB scheme will be extended till 31 December 2028.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
	Business (IBD-IBB) Scheme	The IBD-IBB scheme is scheduled to lapse after 31 December 2023.	All other conditions of the scheme remain the same.
15.	Extend the Tax Concession for Deduction of General Provisions for Doubtful Debts and Regulatory Loss Allowances Made in Respect of Non-credit-impaired Financial Instruments for Banks (Including Merchant Banks) and Qualifying Finance Companies	Under section 14G of the ITA, banks, merchant banks and qualifying finance companies can claim a tax deduction for general provisions on non-credit-impaired loans and debt securities made under the Financial Reporting Standard 109 or Singapore Financial Reporting Standard (International) 9, and any additional loss allowances as required under prevailing MAS Notices, subject to a cap. The tax deduction under section 14G is scheduled to lapse after YA2024 (for banks, merchant banks and qualifying finance companies with a 31-December financial year end (FYE)) or YA2025 (for banks, merchant banks and qualifying finance companies with a non-31-December FYE).	To continue to promote the overall robustness and stability of the Singapore financial system, the tax deduction under section 14G of the ITA will be extended till YA2029 (for banks, merchant banks, and qualifying finance companies with a 31-December FYE) or YA2030 (for banks, merchant banks, and qualifying finance companies with a non-31-December FYE).
16.	Extend Three Tax Measures Relating to Submarine Cable Systems	Currently, there are three tax measures relating to submarine cable systems: a) WHT exemption on payments made to non-residents for use of international telecommunications submarine cable capacity under indefeasible right to use (IRU)	To maintain and enhance Singapore's international connectivity, all three tax measures will be extended till 31 December 2028, with the same parameters.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
		agreements. This is scheduled to lapse after 31 December 2023. b) WDA for the acquisition of an IRU over their useful life. This is scheduled to lapse after 31 December 2025. c) IA for the construction and operation of submarine cable systems in Singapore. This is scheduled to lapse after 31 December 2023.	
17.	Withdraw the Tax Deduction for Expenditure Incurred on Building Modifications for Benefit of Disabled Employees	Under section 14F of the ITA, employers can claim tax deductions for approved expenditure incurred on any addition or alteration to business premises for the purpose of facilitating the mobility or work of any disabled employee, subject to a one-off cap of $100,000.	The scheme will be withdrawn from 15 February 2023. Introduced in Budget 1989, the scheme has become less relevant over the years. Since then, other support schemes (e.g. the Open Door Programme Job Redesign Grant) have been introduced to help employers recruit and retain disabled employees, or to support employers for accommodations beyond (and including) physical modifications of the workplace. Section 14N on tax deductions for Renovation and Refurbishment, introduced in Budget 2008, can also be tapped upon for workplace modifications without the need for prior approval from government agencies.

(B) Other Tax Changes

<table>
<tr><th>S/N</th><th>Name of Tax Change</th><th>Existing Tax Treatment</th><th>New Tax Treatment</th></tr>
<tr><th colspan="4">Building a Fairer and More Resilient Tax System</th></tr>
<tr><td>1.</td><td>Change in Working Mother’s Child Relief (WMCR) from a Percentage of an Eligible Working Mother’s Earned Income to a Fixed Dollar Tax Relief for Those with a Qualifying Child who is a Singapore Citizen Born or Adopted on or after 1 January 2024</td><td>The WMCR amount for eligible working mothers with a qualifying child who is a Singapore citizen is as follows, subject to a total cap of $50,000 per child (i.e. WMCR plus Qualifying Child Relief/ Handicapped Child Relief):

<table><tr><th>Child Order</th><th>WMCR Amount

For a qualifying Singapore citizen child born or adopted before 1 January 2024</th></tr><tr><td>1st</td><td>15% of mother’s earned income</td></tr><tr><td>2nd</td><td>20% of mother’s earned income</td></tr><tr><td>3rd and beyond</td><td>25% of mother’s earned income</td></tr></table>
The total WMCR amount that an eligible working mother can claim for all her qualifying children is capped at 100%[9] of the mother’s earned income for the YA.</td><td>For an eligible working mother with a qualifying Singapore citizen child born or adopted before 1 January 2024, there is no change to the WMCR that the mother can claim. Working mothers of these children can continue to claim the WMCR in respect of these children based on the existing design and quantum, i.e. a percentage of their earned income.

As part of the review of the Government’s support for Marriage & Parenthood, the WMCR will be changed to a fixed dollar tax relief for eligible working mothers in respect of qualifying children who are Singapore citizens born or adopted on or after 1 January 2024[10].

The WMCR amount for eligible working mothers in respect of a qualifying child who is a Singapore citizen born or adopted on or after 1 January 2024 is as follows:</td></tr>
</table>

[9] If the amount of taxable earned income is lower than the maximum amount claimable, the relief will be capped at the amount of taxable earned income.
[10] For a child born to a mother before she is married to her spouse/ex-spouse, the date of marriage would be used to determine the type of WMCR the mother is eligible for. For a child who is not a Singapore citizen at birth, it would be the date of approval of Singapore citizenship.

<table>
<tr><th>S/N</th><th>Name of Tax Change</th><th>Existing Tax Treatment</th><th>New Tax Treatment</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Child Order</th><th>WMCR Amount

For a qualifying Singapore citizen child born or adopted on or after 1 January 2024</th></tr>
<tr><td>1st</td><td>$8,000</td></tr>
<tr><td>2nd</td><td>$10,000</td></tr>
<tr><td>3rd and beyond</td><td>$12,000</td></tr>
</table>

WMCR will continue to be part of a suite of support measures for eligible working mothers, including lower- to middle- income working mothers of qualifying Singapore citizen children.

This change will take effect from the YA2025.

Illustration of the change can be found in Factsheet 1. Further details can also be found at www.go.gov.sg/wmcr.

For more information on support for Marriage & Parenthood, please refer to Annex E-2.</td></tr>
<tr><td>2.</td><td>Lapse the Foreign Domestic Worker Levy Relief (FDWLR) from YA2025</td><td>Currently, a woman resident in Singapore who, in the year immediately preceding the YA of claim, was —
a) living with her husband; or</td><td>The FDWLR was introduced in 1989 to support working married women who needed the help of a migrant domestic worker.</td></tr>
</table>

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
		b) married and her husband is not resident in Singapore; or c) married but separated from her husband, a divorcee or a widow and who, in the year immediately preceding the YA, has any unmarried child or children living with her in the same household in Singapore in respect of whom she may be allowed a deduction under the Qualifying Child Relief, is allowed to claim FDWLR in respect of one migrant domestic worker employed by her or her husband. The amount of FDWLR is twice the total migrant domestic worker levy paid in the year immediately preceding the YA of claim on one migrant domestic worker.	Since then, the Government has introduced a number of schemes that directly support those caring for dependants, including working mothers. In particular, those living with children below 16 years old, elderly or persons with disabilities who require the help of a migrant domestic worker enjoy a concessionary levy of $60 per month, instead of the usual levy of $300 or $450 per month for the first and subsequent helper respectively. This concessionary levy directly benefits all families who need help with caring for their dependents, including those who do not pay income tax. The FDWLR will be lapsed for all taxpayers with effect from the YA2025.
3.	Raise Buyer's Stamp Duty (BSD) Rates for Higher-value Residential and Non-residential Properties	Currently, transactions in residential and non-residential properties are subject to marginal BSD rates of 1% to 4% and 1% to 3% respectively:	To enhance the progressivity of our BSD regime, higher marginal BSD rates will be introduced for higher-value residential and non-residential properties. For **residential properties**, a new marginal BSD rate of: a) 5% will apply to the portion of the property value in excess of $1.5 million and up to $3 million; and b) 6% will apply to the portion of the property value in excess of $3 million.

<table>
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<table>
<tr><th rowspan="2">Higher of Purchase Price or Market Value of the Property</th><th colspan="2">Marginal BSD Rate</th></tr>
<tr><th>Residential Property</th><th>Non-residential Property</th></tr>
<tr><td>First $180,000</td><td>1%</td><td>1%</td></tr>
<tr><td>Next $180,000</td><td>2%</td><td>2%</td></tr>
<tr><td>Next $640,000</td><td>3%</td><td rowspan="2">3%</td></tr>
<tr><td>Amount exceeding $1,000,000</td><td>4%</td></tr>
</table>
</td><td>For non-residential properties, a new marginal BSD rate of:
a) 4% will apply to the portion of the property value in excess of $1 million and up to $1.5 million; and
b) 5% will apply to the portion of the property value in excess of $1.5 million.
The revised rates will apply to all properties acquired on or after 15 February 2023:[11]</td></tr>
</table>

[11] The Additional Conveyance Duties for Buyers (ACDB) rates, which apply to qualifying acquisitions of equity interest in property holding entities (PHEs), will also be adjusted accordingly, from up to 44% to up to 46%. The revised ACDB rate comprises:

a. Revised BSD at 1% to 6%; and
b. Additional Buyer's Stamp Duty (ABSD) at 40% (flat rate).

A PHE is an entity that has at least 50% (i.e., asset ratio) of its total tangible assets comprising prescribed immovable properties in Singapore. Please refer to IRAS' website for more details on PHEs and prescribed immovable properties. More details can be found at https://www.iras.gov.sg/taxes/stamp-duty/for-property-holding-entities-('phe')/basics-of-stamp-duty-for-property-holding-entities/determining-the-additional-conveyance-duties-payable.

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<tr><td>Next $500,000</td><td>4%</td><td>4% (New)</td></tr>
<tr><td>Next $1,500,000</td><td>5% (New)</td><td rowspan="2">5% (New)</td></tr>
<tr><td>Amount exceeding $3,000,000</td><td>6% (New)</td></tr>
</table>

There will be a transitional provision, where the BSD rates on or before 14 February 2023 will apply for cases that meet <u>all</u> the conditions below:
</td></tr>
</table>

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
			a) The Option to Purchase (OTP) was granted by sellers to potential buyers on or before 14 February 2023; b) This OTP is exercised on or before 7 March 2023, or within the OTP validity period, whichever is earlier; and c) This OTP has not been varied on or after 15 February 2023. Further details can be found at https://www.iras.gov.sg/taxes/stamp-duty/for-property/buying-or-acquiring-property/buyer's-stamp-duty-(bsd).
4.	Allow Resident Individual Taxpayers to Claim Grandparent Caregiver Relief (GCR) in Respect of Caregivers who have Trade, Business, Profession, Vocation or/and Employment Income not Exceeding $4,000 in the Year Preceding the YA of Claim	Working mothers who engage the help of their parents, grandparents, parents-in-law or grandparents-in-law (including parents or grandparents of an ex-spouse) to take care of their young children may claim the GCR, subject to conditions. One of the conditions is that the caregiver was not carrying on any trade, business, profession, vocation or/and employment in the year preceding the YA of claim.	To give caregivers the flexibility to do some incidental work, working mothers will be able to claim GCR in respect of caregivers who have trade, business, profession, vocation or/and employment income, as long as the caregivers' total income from these activities does not exceed $4,000 in the year preceding the YA of claim, if they have met all other conditions. This change will take effect from the YA2024.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
Fostering a Culture of Giving			
1.	Extend the 250% Tax Deduction for Qualifying Donations to IPCs and Eligible Institutions	Donors are eligible for a 250% tax deduction for qualifying donations made to Institutions of a Public Character (IPCs) and other eligible institutions from 1 January 2016 to 31 December 2023.	To continue encouraging Singaporeans to give back to the community, we will extend the 250% tax deduction to qualifying donations made from 1 January 2024 to 31 December 2026. All other conditions of the scheme remain the same. For more information on the extension of the 250% tax deductions for qualifying donations to IPCs and eligible institutions, please refer to Annex F-1.
2.	Extend and Enhance the Corporate Volunteer Scheme[12] (CVS)	A qualifying person can, subject to conditions, enjoy a total of 250% tax deduction on qualifying expenditure such as wages incurred by the person from 1 July 2016 to 31 December 2023 in respect of – a) The provision of services by the person's qualifying employee to an IPC during that period; or b) The secondment of the person's qualifying employee to an IPC during that period. There is a cap on qualifying expenditure of $250,000 per business per YA and $50,000 per IPC per calendar year.	a) To continue supporting corporate volunteering, we will extend 250% tax deduction on qualifying expenditure incurred under the CVS until 31 December 2026. b) The scope of qualifying volunteering activities will be expanded to include activities which are conducted virtually (e.g. online mentoring and tuition support for youths/children) or outside of the IPCs' premises (e.g. refurbishment of rental flats). c) The cap on qualifying expenditure per IPC per calendar year has been doubled to $100,000.

[12] With effect from 1 April 2023, the scheme will be renamed from the Business and IPC Partnership Scheme (BIPS) to CVS.

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
			The above enhancements will take effect from 1 January 2024. All other conditions of the scheme remain the same. For more information on the extension and enhancement of the CVS, please refer to Annex F-1.
3.	Philanthropy Tax Incentive Scheme for Family Offices	n.a.	A tax incentive scheme will be introduced for qualifying donors with Family Offices operating in Singapore. To qualify, donors must have a fund under MAS' section 13O or 13U schemes and meet eligibility conditions, such as incremental business spending of $200,000. Under the scheme, qualifying donors can claim 100% tax deduction for overseas donations made through qualifying local intermediaries. The tax deduction is capped at 40% of the donor's statutory income. MAS will provide further details by 30 Jun 2023.

(C) Tax Changes for Vehicles

<table>
<tr><th>S/N</th><th>Name of Tax Change</th><th>Existing Tax Treatment</th><th>New Tax Treatment</th></tr>
<tr><td></td><td colspan="3">Building a Fairer and More Resilient Tax System</td></tr>
<tr><td>1.</td><td>Additional Registration Fee (ARF) Changes</td><td>The ARF is currently tiered based on the following rates:
<table>
<tr><th>Open Market Value (OMV)</th><th>ARF Rate</th></tr>
<tr><td>First $20,000</td><td>100% of OMV</td></tr>
<tr><td>Next $30,000</td><td>140% of OMV</td></tr>
<tr><td>Next $30,000</td><td>180% of OMV</td></tr>
<tr><td>In excess of $80,000</td><td>220% of OMV</td></tr>
</table></td><td>To make our vehicle tax structure more progressive, the ARF payable for cars, taxis, and goods-cum-passenger vehicles will be tiered based on the following rates:
<table>
<tr><th>OMV</th><th>ARF Rate</th></tr>
<tr><td>First $20,000</td><td>100% of OMV</td></tr>
<tr><td>Next $20,000</td><td>140% of OMV</td></tr>
<tr><td>Next $20,000</td><td>190% of OMV</td></tr>
<tr><td>Next $20,000</td><td>250% of OMV</td></tr>
<tr><td>In excess of $80,000</td><td>320% of OMV</td></tr>
</table>
The new ARF structure will apply to all new and imported used cars and goods-cum-passenger vehicles registered with Certificates of Entitlement (COEs) obtained from the second COE bidding exercise in February 2023 onwards.
For vehicles that do not need to bid for COEs (e.g. taxis, classic cars), the new rates will apply for those registered on or after 15 February 2023. </td></tr>
</table>

<table>
<tr><th>S/N</th><th>Name of Tax Change</th><th>Existing Tax Treatment</th><th>New Tax Treatment</th></tr>
<tr><td></td><td></td><td></td><td>Further details will be announced by the LTA. Worked examples can be found in Annex G-2.</td></tr>
<tr><td>2.</td><td>Preferential Additional Registration Fee (PARF) Changes</td><td>PARF rebates are provided to car and taxi owners as an incentive to deregister their vehicles early. It is calculated as a percentage of ARF paid and tiered based on the age of vehicle at deregistration.

<table>
<tr><th>Age of Vehicle at Deregistration</th><th>PARF Rebate</th></tr>
<tr><td>Age ≤ 5 years</td><td>75% of ARF</td></tr>
<tr><td>5 years < Age ≤ 6 years</td><td>70% of ARF</td></tr>
<tr><td>6 years < Age ≤ 7 years</td><td>65% of ARF</td></tr>
<tr><td>7 years < Age ≤ 8 years</td><td>60% of ARF</td></tr>
<tr><td>8 years < Age ≤ 9 years</td><td>55% of ARF</td></tr>
<tr><td>9 years < Age ≤ 10 years</td><td>50% of ARF</td></tr>
<tr><td>Age > 10 years</td><td>n.a.</td></tr>
</table></td><td>To make our vehicular tax system more progressive, PARF rebates will be capped at $60,000.

For cars that need to bid for COEs, the PARF rebate cap will apply to those that are registered with COEs obtained from the second bidding exercise in February 2023 onwards and are subsequently deregistered within their PARF eligibility period.

For cars that do not need to bid for COEs (e.g. taxis), the PARF rebate cap will apply to those that are registered on or after 15 February 2023 and are subsequently deregistered within their PARF eligibility period.

The PARF cap does not apply to vehicles that are not eligible for PARF rebates, such as goods-cum-passenger vehicles, classic cars, and vehicles that have been laid-up.

Further details will be announced by the LTA.</td></tr>
</table>

EXCISE DUTIES FOR TOBACCO PRODUCTS

To discourage the consumption of tobacco products, we will raise the excise duties by 15% across all tobacco products. These tax changes will take effect on and after 14 February 2023:

(A) **Cigars, Cheroots, Cigarillos and Cigarettes, and Other Manufactured Tobacco**: From $427/kgm or 42.7 cents/stick of cigarette to $491/kgm or 49.1 cents/stick of cigarette.

(B) **Beedies, Ang Hoon, and Other Smokeless Tobacco**: From $329/kgm to $378/kgm.

(C) **Unmanufactured and Cut Tobacco and Other Tobacco Refuse**: From $388/kgm to $446/kgm.

Harmonised System (HS) Code	Product Description	Current Excise Rate	New Excise Rate
Cigars, Cheroots, Cigarillos and Cigarettes, and Other Manufactured Tobacco:			
2402.20.20	Clove cigarettes	42.7 cents for every gram or part thereof of each stick of cigarette	49.1 cents for every gram or part thereof of each stick of cigarette
2402.20.90	Other cigarettes containing tobacco		
2402.90.20	Cigarettes of tobacco substitutes		
2402.10.00	Cigars, cheroots, and cigarillos, containing tobacco	$427/kgm	$491/kgm
2402.90.10	Cigars, cheroots, and cigarillos of tobacco substitutes		
2403.11.10	Water pipe tobacco packed for retail sale		
2403.11.90	Water pipe tobacco not packed for retail sale		
2403.19.19	Other smoking tobacco packed for retail sale		
2403.19.99	Other smoking tobacco not packed for retail sale		
2403.91.10	Homogenised or reconstituted tobacco packed for retail sale		
2403.91.90	Homogenised or reconstituted tobacco not packed for retail sale		
2403.99.30	Manufactured tobacco substitutes		
2403.99.40	Snuff, whether or not dry		

Harmonised System (HS) Code	Product Description	Current Excise Rate	New Excise Rate
2403.99.90	Other manufactured tobacco not for smoking	$427/kgm	$491/kgm
2404.11.00	Products containing tobacco or reconstituted tobacco, intended for inhalation without combustion		
2404.19.10	Products containing tobacco substitutes, intended for inhalation without combustion		
Beedies, Ang Hoon, and Other Smokeless Tobacco:			
2402.20.10	Beedies cigarettes	$329/kgm	$378/kgm
2403.19.11	Ang hoon packed for retail sale		
2403.19.91	Ang hoon not packed for retail sale		
2403.99.50	Chewing and sucking tobacco excluding snuff		
Unmanufactured and Cut Tobacco, and Other Tobacco Refuse:			
2401.10.10	Unmanufactured tobacco, not stemmed/stripped, Virginia type, flue-cured	$388/kgm	$446/kgm
2401.10.20	Unmanufactured tobacco, not stemmed/stripped, Virginia type, other than flue-cured		
2401.10.40	Unmanufactured tobacco, not stemmed/stripped, Burley type		
2401.10.50	Other unmanufactured tobacco, not stemmed/ stripped, flue-cured		
2401.10.90	Other unmanufactured tobacco, not stemmed/ stripped, other than flue-cured		
2401.20.10	Unmanufactured tobacco, partly or wholly stemmed/ stripped, Virginia type, flue-cured		

Harmonised System (HS) Code	Product Description	Current Excise Rate	New Excise Rate
2401.20.20	Unmanufactured tobacco, partly or wholly stemmed/ stripped, Virginia type, other than flue-cured	$388/kgm	$446/kgm
2401.20.30	Unmanufactured tobacco partly or wholly stemmed/ stripped, Oriental type		
2401.20.40	Unmanufactured tobacco, partly or wholly stemmed/ stripped, Burley type		
2401.20.50	Other unmanufactured tobacco, partly or wholly stemmed/ stripped, flue-cured		
2401.20.90	Other unmanufactured tobacco, partly or wholly stemmed/ stripped, other than flue-cured		
2401.30.10	Tobacco stems		
2401.30.90	Other tobacco refuse		
2403.19.20	Other manufactured tobacco for the manufacture of cigarettes		

FACTSHEET 1: CHANGE IN WORKING MOTHER'S CHILD RELIEF FOR THOSE WITH A QUALIFYING SINGAPORE CITIZEN CHILD BORN OR ADOPTED ON OR AFTER 1 JANUARY 2024

(A) Existing WMCR Treatment

The Working Mother's Child Relief (WMCR) amount for eligible working mothers with a qualifying child who is a Singapore citizen is as follows:

Child Order	WMCR Amount
1st	15% of mother's earned income
2nd	20% of mother's earned income
3rd and beyond	25% of mother's earned income

The total WMCR amount that an eligible working mother can claim for all her qualifying children is capped at 100% of the mother's earned income for the YA. The total cap (i.e. Qualifying Child Relief (QCR)/ Handicapped Child Relief (HCR) plus WMCR) is $50,000 per child.

a. QCR/HCR claims will be allowed first (this can be claimed by either the working mother or her spouse or both) before WMCR.
b. The WMCR is limited to the remaining balance after the QCR/HCR claim is allowed.

(B) New WMCR Treatment

With effect from YA2025, the WMCR amount for an eligible working mother with respect to a qualifying child who is a Singapore citizen born or adopted on or after 1 January 2024 is as follows:

Child Order	**WMCR Amount** For a qualifying Singapore citizen child born or adopted on or after 1 January 2024
1st	$8,000
2nd	$10,000
3rd and beyond	$12,000

For qualifying Singapore citizen children born or adopted before 1 January 2024, there is no change to the WMCR that the eligible mothers can claim. Working mothers of these children can continue to claim the WMCR in respect of these children based on the existing design and quantum, i.e. based on a percentage of their earned income.

Child Order	**WMCR Amount** For a qualifying Singapore citizen child born or adopted before 1 January 2024
1st	15% of mother's earned income
2nd	20% of mother's earned income
3rd and beyond	25% of mother's earned income

The total WMCR amount that an eligible working mother can claim for all her qualifying children will remain capped at 100% of the mother's earned income for the YA. The existing cap of $50,000 per child (i.e. QCR/HCR plus WMCR) will also remain unchanged. QCR/HCR claims will continue to be allowed first (this can be claimed by either the working mother or her spouse or both), before WMCR.

(C) Example

An eligible working mother has two qualifying Singapore citizen children, the first born in 2021 and the second born in 2024. For her YA2025 income, the mother can claim WMCR of 15% of her earned income in respect of her first child, and WMCR of $10,000 in respect of her second child.

Birth Year of Child	Child Order	WMCR Amount in YA2025
2021	1st	15% of mother's earned income
2024	2nd	$10,000

The total WMCR amount that an eligible working mother can claim for all her qualifying children is capped at 100% of the mother's earned income. The total cap (i.e. QCR/HCR plus WMCR) is $50,000 per child.

a. QCR/HCR claims will be allowed first (this can be claimed by either the working mother or her spouse or both) before WMCR.
b. The WMCR is limited to the remaining balance after the QCR/HCR claim is allowed.