

Fortitude Budget and COVID-19 support measures

Key highlights - last updated 27 May 2020 to include the continued support measures announced for the extended circuit breaker period

Mr Heng Swee Keat, the Deputy Prime Minister and Minister for Finance, delivered the Fortitude Budget on 26 May 2020, a week before transiting into Phase 1 of the post COVID-19 circuit breaker measures. This is the fourth budget in recent months which builds on and reinforces the earlier Unity, Resilience and Solidarity Budgets. It addresses the rapidly evolving COVID-19 situation and the impact on Singapore's economy and society. Our summary of the Unity Budget is available [here](#) and of the Solidarity Budget is available [here](#).

The Fortitude Budget mobilises another S\$33 billion of government funds, taking us over the S\$90 billion mark (almost 20% of Singapore's GDP). The Fortitude Budget is a landmark package, and a necessary response to an unprecedented crisis.

The Fortitude Budget continues where the Solidarity Budget left off by building on and enhancing a number of the announcements from earlier Budgets to provide support to businesses in these extraordinary times. The central focus of this Budget is jobs. To support businesses and save jobs, the Budget focused on the 3Cs – cash flow, costs and credit.

We have summarised the key highlights from the Budgets for our clients and hope everyone stays safe in these uncertain times. In addition, the Inland Revenue Authority of Singapore (IRAS) has issued new COVID-19 support measures and tax guidance. Please visit the [COVID-19 Hub](#) on our website, where we will continue to share the relevant materials.

We have put in place business continuity plans which means that we are available to continue to support our clients through these difficult times.



Tax topic

Stimulus package

Enhanced Jobs Support Scheme (UPDATED)

The Fortitude Budget has extended the JSS by one month (from the total of 9 months to 10 months) to cover wages paid in August 2020. This will be included in the October 2020 payment. The table below summarises the JSS payment schedule.

No application is required for the JSS.

Table 1: JSS Payment Schedule

Month of payout	Payout details	Payout computed based on wages paid in	Wages derived based on CPF contributions made by
	Payout 1		
April 2020	Included payout in advance for Apr 2020 wages, calculated based on Oct 2019 wages	Oct - Dec 2019 Apr 2020 (calculated based on Oct 2019)	14 Feb 2020
	Special Payout		
May 2020	Payout in advance for May 2020 wages, calculated based on Nov 2019 wages	May 2020 (calculated based on Nov 2019)	14 Feb 2020
	Payout 2		
July 2020	The amount paid in advance for Apr 2020 wages will be deducted from this payout	Feb - Apr 2020	31 May 2020
	Payout 3		
Oct 2020	The amount paid in advance for May 2020 wages will be deducted from this payout	May - Aug 2020 [Extended]	14 Sep 2020 [Extended]

The Fortitude Budget has made some changes to enhance the payments made to severely-affected sectors and those businesses that cannot restart immediately after the Circuit Breaker ends.

Salaries paid in April and May

Employers will receive a 75% cash grant for April and May 2020 on the gross monthly wages (excluding employer Central Provident Fund (CPF) contributions) or SGD 4,600, whichever is lower, of each local employee on their CPF payroll. A local employee is a Singapore Citizen or Singapore Permanent Resident.

Salaries paid up to March 2020

Employers will receive a base 25%/50%/75% cash grant for October to December 2019 and February to March 2020 based on the tier the company falls into [\[see Table 2 in the link for further details\]](#). The Fortitude Budget raised the cash grant percentage for a number of severely-affected sectors and qualifying businesses will receive a top-up on the previous payouts by July 2020.

Salaries paid from June 2020

The Government has released a list of businesses which are permitted to resume operations [\[see link for further details\]](#).

Companies who cannot resume operations immediately

Companies that are not in the permitted list and therefore not permitted to resume operations will receive the enhanced 75% cash grant for wages paid to local employees for the period for which they are not allowed to resume operations, or until August 2020, whichever is earlier. Pro-ration will be applied if operations resume prior to August 2020.

Companies who can resume operations immediately

Companies who are in the permitted list will revert to receiving their base tier of support per Table 2.

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Stimulus package

Enhanced Jobs Support Scheme (UPDATED)

Example of payments for a Tier 3 company

Payout	Date of Payment	Tier 3 business resuming operations on 2 June	Tier 3 business resuming operations on 5 July
		Computation of Payout Payment Capped at first \$4,600 of gross monthly wages Based on:	
Payout 1	April 2020	+ 75% of Oct 2019 wages + 25% of Nov 2019 wages + 25% of Dec 2019 wages	+ 75% of Oct 2019 wages + 25% of Nov 2019 wages + 25% of Dec 2019 wages
Additional Payout in May	May 2020	+ 75% of Nov 2019 wages	+ 75% of Nov 2019 wages
Payout 2	July 2020	+ 25% of Feb 2020 wages + 25% of Mar 2020 wages + (75% of Apr 2020 wages - 50% of Oct 2019 wages)	+ 25% of Feb 2020 wages + 25% of Mar 2020 wages + (75% of Apr 2020 wages - 50% of Oct 2019 wages)
Payout 3	Oct 2020	+ (75% of May 2020 wages - 75% of Nov 2019 wages) + 25% of Jun 2020 wages + 25% of Jul 2020 wages + 25% of Aug 2020 wages	+ (75% of May 2020 wages - 75% of Nov 2019 wages) + 75% of Jun 2020 wages + 31.5% of Jul 2020 wages + 25% of Aug 2020 wages

- July calculation is based on 75% for 1-4 July and 25% for 5 to 31 July, [i.e. 75% x 4/31 + 25% x 27/31]

Employers on PayNow or have existing GIRO arrangements with IRAS will be paid based on the date of payment in the table above. Other employers will start receiving cheques in early June for the May payment. More information can be found [here](#).

Subject to meeting certain conditions, the JSS has been extended to cover wages of employees of a company who are also shareholders and directors of the company.

IRAS has confirmed that this payment is not a taxable receipt.

Extended filing extensions (UPDATED)

Tax Type	Original Filing Deadline	Extended Filing Deadline (New)
Income Tax for Individuals (including sole proprietors and partnerships)	18 April 2020	31 May 2020
Please note that Grant Thornton Singapore has already extended the filing deadline for its individual clients (including those where assistance is provided by the employer) to 15 August 2020 to file their YA2020 tax return.		
Income Tax for Trusts, Clubs and Associations	15 April 2020	30 June 2020
Estimated Chargeable Income (ECI) for companies with Financial Year ending January or February 2020	30 April 2020	30 June 2020
GST Returns for accounting period ending March 2020	30 April 2020	11 May 2020
GST Return for accounting period ending April 2020	31 May 2020	11 June 2020
S45 Withholding Tax Forms due in April 2020	15 April 2020	15 May 2020
Tax Clearances for foreign employee in April and May 2020	-	30 June 2020

Taxpayers who can file earlier should continue to do so.

Deferral of corporate income tax payment

All companies with corporate income tax payments that are due in April, May and June 2020 will be granted an automatic three-month deferral of these payments. The payments that are deferred from April, May and June 2020 have to be paid in July, August and September 2020 respectively.

Companies on GIRO may view their revised installment plans at myTax Portal in early May 2020. Companies who are not on GIRO can use the Corporate Tax Payment Deferment Calculator to check the extended payment due date, which is 3 months from the usual payment due date. For example, a Notice of Assessment dated 1 April 2020 which is typically due on 2 May 2020 will now be due on 1 August 2020.

Please see the attached link for the Corporate Tax Payment Deferment Calculator. <https://www.iras.gov.sg/Calculator>

Deferral of Personal Income Tax (PIT) for employees

Some employees who have already filed their YA 2020 tax return, will have received their Notices of Assessment. These employees may opt to defer their income tax payments due in May, June and July.

If the employee is paying their PIT in one lump sum, they may opt to defer the payment for three months if it was due in May, June or July 2020.

If the employee is paying their PIT by GIRO, they may opt to defer the income tax payments due in May, June and July 2020. Therefore, there will be no GIRO deductions in these three months, and GIRO will resume in August and the end-date of the instalment plan will correspondingly be extended for 3 months. The amount of income tax payable will remain the same.

Employees can opt for this deferment in the following link: <https://form.gov.sg/5d5ce149c0a8230012d27118>. For further information, please see <https://www.iras.gov.sg/irashome/Individuals/Locals/Paying-your-taxes-Claiming-refunds/Defer-Tax-Payment-for-Individual-Income-Tax/>.

Deferral of Personal Income Tax (PIT) for Self-Employed Persons (SEP)

No application is required for this.

SEPs will be automatically granted a three-month deferral of their PIT payment due in May, June and July 2020.

For SEPs paying their PIT in one lump sum, their payment will be deferred from May, June or July by three months to the respective August, September or October 2020.

For SEPs paying their PIT by monthly GIRO, the initiative effectively grants a pause on the individual's GIRO payments for May to July, and payments will restart in August 2020 and thus the instalment plan will be extended by 3 months. The amount of income tax payable remains the same.

Instalment plan for YA 2020, with the deferment, is as follows:

	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021
Prior to Resilience Budget announcement	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100			
With changes announced in Resilience Budget				\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100

The deferment eases an individual's cash-flow needs for May, June and July 2020.

<p>Foreign Worker Levy (UPDATED)</p>	<p>To help firms that hire foreign workers on work permits and S-passes, the monthly foreign worker levy due in April will be waived.</p> <p>Employers will also receive a foreign worker levy rebate of S\$750 from levies paid this year, for each work permit or S pass holder. This should be paid as early as 21 April 2020.</p> <p>*NEW*</p> <p>Similar to April 2020, the foreign worker levy for May 2020 will be waived and employers will also receive foreign worker levy rebate in May 2020.</p> <p>Businesses who are not allowed to resume operations on-site immediately after the circuit breaker is lifted will have the Foreign Worker Levy waiver and rebate for up to two months.</p> <p>A. The waiver will be 100% in June, and 50% in July B. The rebate will be \$750 in June, and \$375 in July</p> <p>This will include all businesses in the construction, marine and offshore, and process sectors.</p>															
<p>COVID-19 Support Grant</p>	<p>The Government will introduce a new COVID-19 Support Grant to support individuals who have lost their jobs as a result of the COVID-19 outbreak. The grant provides financial assistance while these individuals find a new job or attend training. Successful applicants will receive a monthly cash grant of \$800, for three months.</p> <p>Further details can be found here.</p>															
<p>Enhanced Care and Support package</p>	<p>The Government will further enhance the Care and Support Package that was announced during Budget 2020. This will provide further assurance and support to Singaporeans who are concerned about coping with their household expenses during this period of exceptional economic uncertainty. All adult Singaporeans will benefit, with more help given to the less well-off.</p> <p>Further details can be found here.</p>															
<p>Enhanced Property Tax Rebate and new Rental Relief (UPDATED)</p>	<p>Non-residential properties will be granted an enhanced rebate for PT payable for the period 1 January 2020 to 31 December 2020. Laws will be passed to ensure that owners pass on PT rebates to tenants.</p> <p>Further details can be found here.</p> <p>The Fortitude Budget announced additional rental relief for SME tenants in Private Non-Residential properties. Please see the table below for a summary of the Enhanced Property Tax Rebate and the new Rental Relief.</p> <p>Table 1: Rental Relief Schemes</p> <table border="1"> <thead> <tr> <th>No</th> <th>Rental relief schemes</th> <th>Qualifying criteria</th> <th>Amount of relief for qualifying commercial property</th> <th>Amount of relief for other non-residential properties (e.g. industrial and office properties)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Property Tax Rebate for non-residential properties, announced earlier in the Unity and Resilience Budgets</td> <td>The rebate is given to property owners, who are required to pass it on fully to their tenants.</td> <td>100% Property Tax Rebate (equivalent to about 1.2 month's of rent)</td> <td>30% Property Tax Rebate (equivalent to about 0.36 month's of rent)</td> </tr> <tr> <td>2</td> <td>[New] Government cash grant</td> <td>SME tenants in private properties</td> <td>Cash grant of -0.8 month's of rent, which will be automatically disbursed to property owners from end-July 2020. Landlords are required to pass on the benefit to their SME tenants</td> <td>Cash grant of -0.64 month's of rent, which will be automatically disbursed to property owners from end-July 2020. Landlords are required to pass on the benefit to their SME tenants.</td> </tr> </tbody> </table> <p>The new government cash grant will be disbursed automatically by IRAS to the qualifying property owners. The amount of grant will be calculated based on the Annual Values of properties for 2020, as determined by IRAS at 13 April 2020.</p> <p>Rental Relief for Tenants in Public Properties</p> <p>Commercial tenants who earlier qualified for two months' worth of rental waiver will now get four months' worth of rental waiver in total (i.e. two additional months). Eligible tenants/lessees may include those providing commercial accommodation, retail, F&B, recreation, entertainment, healthcare, and other services.</p> <p>Other Non-Residential Tenants. Other tenants of non-residential premises who earlier qualified for one month's worth of rental waiver will now get two months' worth of rental waiver in total (i.e. one additional month). Eligible tenants/lessees may include those in premises used for industrial or agricultural purpose, or as an office, a business or science park, or a petrol station.</p> <p>The rental waivers do not apply to any rented premises, or a part of any rented premises, used for residential purposes. The rental waivers also do not apply to tenants who pay property tax. Tenants/lessees paying property tax will be receiving the Government cash grant instead.</p>	No	Rental relief schemes	Qualifying criteria	Amount of relief for qualifying commercial property	Amount of relief for other non-residential properties (e.g. industrial and office properties)	1	Property Tax Rebate for non-residential properties, announced earlier in the Unity and Resilience Budgets	The rebate is given to property owners, who are required to pass it on fully to their tenants.	100% Property Tax Rebate (equivalent to about 1.2 month's of rent)	30% Property Tax Rebate (equivalent to about 0.36 month's of rent)	2	[New] Government cash grant	SME tenants in private properties	Cash grant of -0.8 month's of rent, which will be automatically disbursed to property owners from end-July 2020. Landlords are required to pass on the benefit to their SME tenants	Cash grant of -0.64 month's of rent, which will be automatically disbursed to property owners from end-July 2020. Landlords are required to pass on the benefit to their SME tenants.
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<p>Providing Sector Specific Support</p>	<p>The Government has announced sector specific support for the Aviation, Tourism, Land Transport, Maritime and Arts and Culture sectors.</p> <p>Further details can be found here.</p>
<p>Tax residence of a company due to travel restrictions during COVID-19</p>	<p>Due to travel restrictions, where a company is not able to hold its Board of Directors meetings in Singapore, the IRAS will consider the company as a Singapore tax resident for Year of Assessment (YA) 2021, provided it meets all the following conditions:</p> <ol style="list-style-type: none"> the company was a Singapore tax resident for YA 2020; there are no other changes to the business model of the company and its mode of operations in FY 2019 and FY 2020; and the directors of the company have attended the Board meeting held outside Singapore, or if the meeting is held via electronic means (e.g. via video-conferencing, tele-conferencing, etc.) due to the directors being temporarily restricted in their travel as a consequence of COVID-19. <p>Where a company is not a tax resident of Singapore for YA 2020 and has to hold its Board meeting in Singapore in 2020 due to travel restrictions, IRAS will consider the company as a non-resident for YA 2021, provided there are no other changes to the business model of the company and its mode of operations in FY 2019 and FY 2020.</p> <p>A company is required to keep the relevant documentation and records (e.g. board minutes stating why the directors were attending board meetings from their respective locations), and to provide the relevant information to IRAS upon request to support its tax residency claim.</p>
<p>Determination of permanent establishment (PE) during COVID-19</p>	<p>Due to travel restrictions, employees of a foreign company may have to remain in Singapore. Such unplanned presence will not result in the creation of a permanent establishment in Singapore for the foreign company, provided all the following conditions are met:</p> <ol style="list-style-type: none"> the foreign company did not have a permanent establishment in Singapore for YA 2020; there are no other changes to the business model of the company and its mode of operations in FY 2019 and FY 2020; the unplanned presence of the employees in Singapore is due to travel restrictions relating to COVID-19 and their physical presence in Singapore is temporary (as a guide, generally not more than 183 days in year 2020 from the date of first arrival in Singapore); and the activities performed by the employees during the unplanned presence would not have been performed in Singapore if not for the travel restrictions. <p>A company is required to keep relevant documentation and records and to provide the relevant information to IRAS upon request to support its no PE position.</p>
<p>Tax implications of Singaporeans / Singapore Permanent Residents working remotely on overseas employment contract from Singapore during COVID-19</p>	<p>Singaporeans/Singapore Permanent Residents exercising overseas employment who are now working remotely from Singapore for that employment will not be considered to be exercising that employment in Singapore for the period from the date of his /her return to Singapore to 30 September 2020, provided that the following conditions are met:</p> <ol style="list-style-type: none"> there is no change in the contractual terms governing the employment overseas before and after the employees return to Singapore; and this is a temporary work arrangement due to COVID-19. <p>If all the above conditions are met, the employment income of the individual for the employment exercised in Singapore as discussed above will not be taxable in Singapore. The 30 September 2020 date will be reviewed by the IRAS to take into consideration of the evolving COVID-19 situation.</p> <p>If the above conditions are not met, normal tax rules will apply to determine the taxability of the employment income for work done in Singapore.</p>

Tax implications of non-resident foreign employees with extended stay in Singapore during COVID-19

Non-resident foreign employees who have to extend their stay in Singapore due to the travel restrictions will not be treated as exercising an employment in Singapore for the period of the extended stay, if the following conditions are met:

1. the period of the extended stay is for a period of not more than 60 days; and
2. the work performed during the extended stay is not connected with the original business assignment/trip in Singapore and would have been performed overseas if not for COVID-19 travel restrictions.

If all the conditions are met, the employment income for the period of the extended stay in Singapore will not be taxable. Normal tax rules will apply to determine the taxability of the employment income for the period of the extended stay in Singapore, if any of the conditions is not met.

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