

Singapore Budget

19 February 2018



Businesses

- Enhanced deduction for R&D on qualifying expenditure incurred in Singapore, raised from 150% to 250%. No cap
- The corporate tax rebate has been increased as follows:
YA 2018 → 40% of tax payable, capped at S\$15k
YA 2019 → 20% of tax payable, capped at S\$10k
- New double tax deductions (200%) for IP licensing and IP registration fees, each capped at S\$100k per year
- Tax deductions for qualifying donations (IPC) of 250% will be extended 3 more years until 31 Dec 2021
- Business and IPC Partnership Scheme will be extended 3 more years until 31 December 2021
- Increased qualifying expenditure cap for internationalisation scheme, from S\$100k to S\$150k in YA 2019
- Enhancement of various financial sector incentives
- GST rate to be increased from 7% to 9% sometime between 2021 and 2025
- From 1 Jan 2020, imported services to be subject to GST if the receiving business cannot fully reclaim its GST
- Overseas vendors and electronic market place operators, providing digital services to local consumers, will have to register for GST from 1 January 2020 in Singapore subject to certain thresholds
- The threshold for the partial tax exemption and full tax exemption for startups will be reduced to S\$200k with effect from YA2020



Individuals

- With immediate effect, 19 Feb 2018, excise duties on all tobacco products increased by a further 10%
- From 20 Feb 2018, stamp duty on residential properties increases from 3% to 4% for the value exceeding S\$1 million. This change will also affect businesses investing in residential property. There is no change to the stamp duty rate on values up to and including S\$1 million
- By way of reminder, as previously announced by Singapore Finance Minister Heng, total personal income tax relief is capped at S\$80k with effect from YA2018
- From 2020, the introduction of carbon tax is likely to increase household utility bills by about 1% but there will be subsidies for certain sectors of society
- Sometime between 2021 and 2025 the GST rate increase to 9% is likely to add to the cost of living for certain sectors of society
- Happy Chinese New Year! Government to pay “hongbao” bonus to all Singaporeans over 21 of up to S\$300



Environmental

- With the introduction of carbon tax, measures will be introduced to assist the environment. The tax will be levied on businesses at \$5 per tonne for emissions of 25,000 tonnes or more per year. The levy commences in 2020 and will be based on 2019 emissions
- The government expects to raise S\$1 billion of carbon tax revenue in the first 5 years
- The government will increase the carbon tax levy to a rate of between S\$10 to S\$15 per tonne of emissions by 2030
- There is no increase in other environmental taxes



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