



2020 Singapore Budget Highlights

18 February 2020



Individual

No tax changes for individuals were announced other than:

- The Angel Investor Tax Deduction scheme will lapse after 31 March 2020.
- The withholding tax exemptions for non-resident mediators and non-resident arbitrators will be extended to 31 March 2022.
- The concessionary withholding tax rate of 10% for non-resident public entertainers will be extended to 31 March 2022 and will then revert to 15%.



Business - General

Losses and Allowances

- Year of Assessment (YA) 2020 tax losses and unabsorbed capital allowances can be carried back for three years rather than one as is the case for other years. However, the amount remains capped at \$100,000.
- For YA2021, taxpayers will have the option to claim capital allowances over two years rather than three. 75% of the cost can be claimed in YA2021, the balance in YA2022.
- Allowances under section 19 of the Income Tax Act (ITA) will be aggregated and streamlined from YA2023.
- An accelerated deduction will be available for expenditure incurred in the basis period for YA2021 on renovation and refurbishment. The claim can be made in one year rather than over three. However, it remains subject to the same overall cap as before of \$300,000.

Capital Grants

- Tax deductions and capital allowances will no longer be available to the extent that the expenditure is funded by capital grants approved on or after 1 January 2021.



2020 Singapore Budget Highlights

18 February 2020



Business - General

Improving Cashflow

- For YA 2020, a corporate tax rebate of 25% capped at \$15,000 will be given.
- Companies paying the income tax assessed on their estimated chargeable income by instalments will enjoy a further two month interest-free grace period subject to meeting certain conditions.

Corporate Transactions

- The M&A scheme will be extended for qualifying acquisitions made between 1 April 2020 and 31 December 2025. However, the stamp duty relief (currently capped at \$80,000) will be removed for deals done on or after 1 April 2020. Requirements regarding the need for the holding company of the acquiring group to be incorporated and tax resident in Singapore will be strictly enforced.
- Tax exemption under section 13Z of the ITA will be extended to cover disposals made on or before 31 December 2027. This exemption covers disposals of ordinary shares by companies in certain prescribed circumstances. For disposals on or after 1 June 2022, the scheme has been restricted to exclude the sale of unlisted property companies whether trading, holding or developing immovable properties in Singapore or overseas.

Other

- The Finance and Treasury Centre (FTC) incentive will be extended to 31 December 2026. The 8% tax rate will continue to apply to income from qualifying sources and activities. However, qualifying sources of funds will be extended to include convertible debt, and qualifying activities to include investment into certain private equity or venture capital funds.

GST will remain at 7% until at least 2022, but will be increased to 9% by 2025 at the latest

2020 Singapore Budget Highlights

18 February 2020



Business - Sectors

Funds

- The tax exemption under section 13H of the ITA, which confers tax exemptions on certain profits of a venture capital company, has been extended to 31 December 2025.
- With effect from 1 April 2020, the incentive has been given a new lease of life by extending qualifying investments to those available to other tax incentive schemes, and allowing the constitution and location of the fund to be more flexible.

Maritime

- The Maritime Sector Incentive scheme has been extended to 31 December 2026. This includes a continuation of the withholding tax exemption for qualifying payments on financing arrangements.

Insurance

- The Insurance Business Development umbrella scheme will be streamlined, and extended to 31 December 2025.

Global Trader Programme

- The Global Trader Programme has been extended to 31 December 2026 with certain refinements and consolidations.



Other

Land Intensification Allowance

- The Land Intensification Allowance scheme has been extended to 31 December 2025.

Property tax

- Certain property tax rebates have been granted to travel, tourism and leisure related properties. The rebates range from 10-30% and only apply to the current calendar year.

Contact Us

David Sandison
Head of Tax
T +65 9012 9970
E david.sandison@sg.gt.com

Eng Min Lor
Partner - Direct Tax
T +65 9656 2171
E engmin.lor@sg.gt.com

Adrian Sham
Director - Global Mobility Services
T +65 9115 7696
E adrian.sham@sg.gt.com