Singapore Budget 2024: Summary and Key Highlights

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Budget 2024 has just been delivered by DPM Lawrence Wong. Here is a summary of what was announced.

The theme of this year's Budget is "Building Our Shared Future Together" and was focused on the Government's plans to help citizens meet their full potential while keeping Singaporeans assured in times of uncertainty.

Some of the key highlights include individual and household financial support, lending a healing hand for the less well-off, more chances of upskilling for mid-career workers and helping our seniors age confidently through improved infrastructure changes and more assisted living options.

Read more for a more in-depth summary of what was covered and everything you missed from Budget 2024!

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Singapore Budget 2024: Live updates

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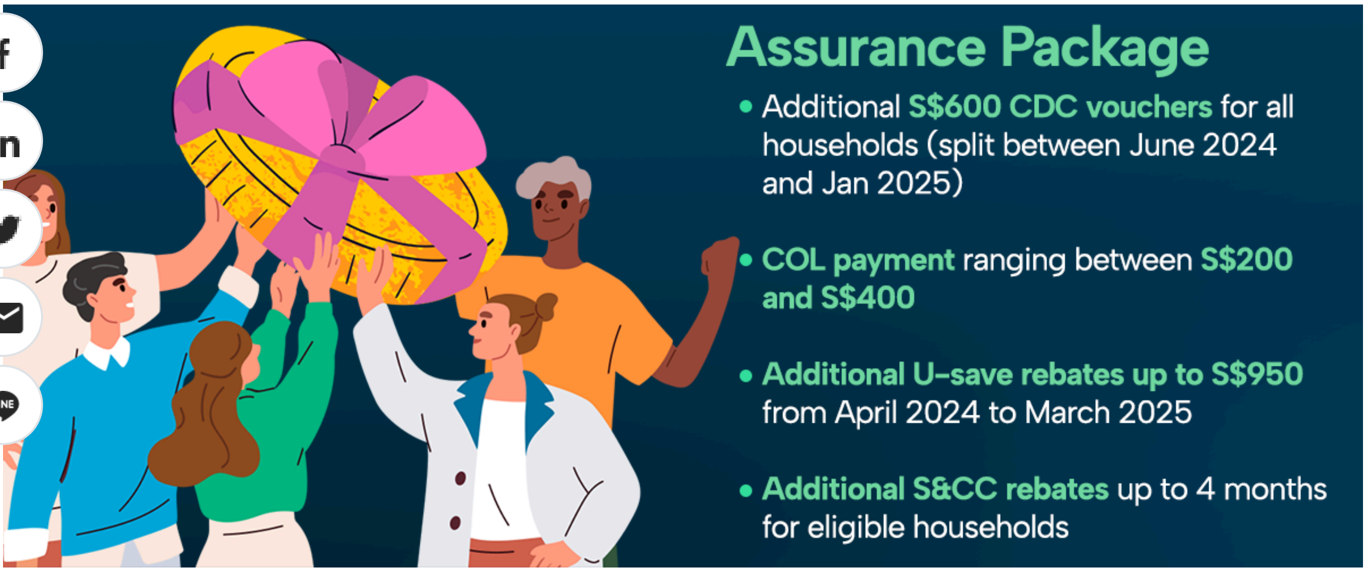
Assurance Package enhancements



RECAP: S$600 CDC vouchers, cost-of-living cash payments, U-Save rebates, and S&CC rebates will be disbursed out to eligible Singaporeans and residents. This additional support is speculated to cost S$1.9 billion.

As DPM Lawrence Wong posits, "We have designed the Assurance Package so that lower-income families get more support. We have also ensured that larger households, particularly those with seniors and children, get more support."

Assurance Package: More CDC Vouchers

DPM Lawrence Wong also says that inflation will continue to increase. To support households, Budget 2024 will further enhance the Assurance Package with an additional S$600 CDC vouchers – the first S$300 will be disbursed in June 2024, while another $300 will come in Jan 2025. This is on top of the S$500 vouchers disbursed this year, which will be valid until the end of 2024.

Assurance Package: Cost-of-living special payment

Some Singaporeans will receive cost-of-living special cash payments, ranging between S$200 and S$400. Those eligible include citizens aged 21 and above in 2024 living in Singapore, own one property, and have an assessable income of up to S$100,000.

Assurance Package: U-Save rebates, S&CC rebates

There will also be additional U-Save rebates and S&CC rebates to help Singaporean households cope with increases in utility bills. The U-Save rebates will be disbursed in April, July, October, and January. This is also 2.5 times the amount of regular GSTV-U Save rebates – or up to S$950.

This is estimated to cover about four months of utility bills for those residing in 3-room and 4-room flats, says DPM Wong.

Meanwhile, Singaporean households living in HDB flats will also get a one-off Service and Conservancy Charges (S&CC) rebate to offset 0.5 months of S&CC in Jan 2025.

In total, eligible households will receive up to four months of rebates in FY 2024.

S$1.3 billion support for businesses

There will also be S$1.3 billion support for businesses; all companies will get a 50% corporate income tax rebate, capped at S$40,000. Furthermore, a minimum of S$2,000 cash payouts will be given to companies that hire at least one local employee in 2023.

The Enterprise Financing Scheme will also be enhanced, with the maximum working capital loan quantum to be raised to S$500,000.

The SkillsFuture Enterprise Credit has also been extended to a year to 30 Jun 2025.

This Enterprise Support Package is aimed to provide "near-term relief" to Singaporean households and firms, especially during this period of high inflation. It is not meant to be a permanent solution.

New tax credit scheme for attracting quality investments

To attract high-quality investments, DPM Lawrence Wong announced a new tax credit with a refundable cash feature to encourage companies to make sizable investments to bring economic benefits in various sectors – particularly in key economic sectors and growth areas.

These include new manufacturing plants, headquarters, production of low-carbon energy, and carrying out R&D activities.

This is known as the Refundable Investment Credit scheme, where credits can be used to offset Corporate Income Tax payable, and any unutilised credits will be refunded to the company in cash within four years from when it satisfies the conditions for receiving the credits.

Top-ups to build on strengths

DPM Lawrence Wong also announces that the following funds and schemes will receive top-ups:

- A **S$2 billion top-up** to the Financial Sector Development Fund – to allow the Monetary Authority of Singapore (MAS) to extend Singapore's lead in the financial services sector.

- **Additional S$3 billion top-up** for the Research, Innovation and Enterprise 2024 (RIE2025) plan.
- **> $1 billion investment over the next five years** into the AI compute, talent and industry development
- Additional resources to **improve broadband speeds of up to 10 Gigabits per second** (10 times faster than speeds in most homes today) from 2025 onwards.

elping local firms level up

Many Singapore companies grow rapidly by partnering with MNCs based locally. To date, the PACT scheme (Partnerships for Capability Transformation) has been set in place to facilitate such collaborations.

In the coming months, this scheme will be enhanced to further support partnerships in these areas, specifically in capability training, internationalisation, and corporate venturing.

By doing so, it's hoped that more firms will be able to plug into global supply chains and be more competitive in markets abroad.

More SkillsFuture credits

Currently, all eligible Singaporeans aged 25 and above are entitled to S$500 in SkillsFuture credit to better upskill themselves and promote lifelong learning.

Now, a new SkillsFuture Level-Up Programme will be introduced with a focus on supporting mid-career workers. This comprises a S$4,000 top-up in SkillsFuture credit top-up in May 2024 for Singaporeans aged 40 and above. This applies to those who want to upskill in "selected training programmes to improve their employability".

Such programmes include diplomas, post-diplomas, undergraduate programmes, and courses for progressive wage model sectors.

Meanwhile, all Singaporeans aged 40 and above will also receive subsidies to pursue another full-time diploma at polytechnics, ITE, or arts institutions from the academic year (AY) 2025.

Particularly, those who enrol in full-time courses will be provided a monthly training allowa. This is equivalent to 50% of one's average income over the latest 12-month period, capped a S$3,000 per month.

Everyone can receive up to 24 months of training allowance throughout their lifetime.

Financial support for retrenched workers

Last year, the number of retrenchments more than doubled from 6,440 in 2022 to 14,320 in 2023.

In light of that, DPM Lawrence Wong announced that the government will introduce a temporary financial support scheme for retrenched workers while they undergo training or look for jobs.

This scheme has to be "carefully" designed to avoid the pitfalls that other countries experience when introducing unemployment benefits. More information will be revealed later this year.

Equality and mobility

In many developed countries, rising income inequality is one of the factors contributing to fractured social cohesion. But as for Singapore, our income inequality gap has declined to its lowest level in over 20 years.

As a result, the qualifying income cap for the Workfare Income Supplement scheme will be raised from S$2,500 to S$3,000 to continue narrowing the income inequality gap.

Workfare payouts will be raised; lower-wage senior workers will qualify for a maximum annual payout of S$4,900, up from S$4,200.

The local qualifying salary, which is the lowest salary for local workers if a firm hires foreign workers, will be raised from S$1,400 to S$1,600 per month starting this year, and the hour will be increased from S$9 to S$10.50.

Under the Progressive Wage Credit Scheme, the government has been co-funding the wage increases of lower-wage workers. To further aid this, the co-funding levels from the government will be raised from a maximum of 30% to 50%, and the ceiling wage raised from S$2,500 to S$3,000 in 2025.

Greater support for ITE graduates

DPM Lawrence Wong has also announced the new ITE Progression Award to help ITE graduates. It will come in two parts.

The first part will be a S$5,000 top-up to the post-secondary education accounts of ITE graduates when they enrol in a diploma programme.

The second part will be an extra S$10,000 top-up to their CPF OA when they attain their diplomas.

In doing so, this is hoped to "give [students aged 30 years and below] a headstart in purchasing a home or saving up for retirement".

Financial top-ups for lower-income families

Lower-income families with young children who are eligible for ComLink+ support will also get additional support in financial top-ups when they work with MSF-assigned family coaches on an action plan and take steps towards long-term goals, such as getting employed.

For instance, successfully employed adults are entitled to up to S$600 in payouts per quarter via cash and CPF top-ups.

Lower pre-school expenses

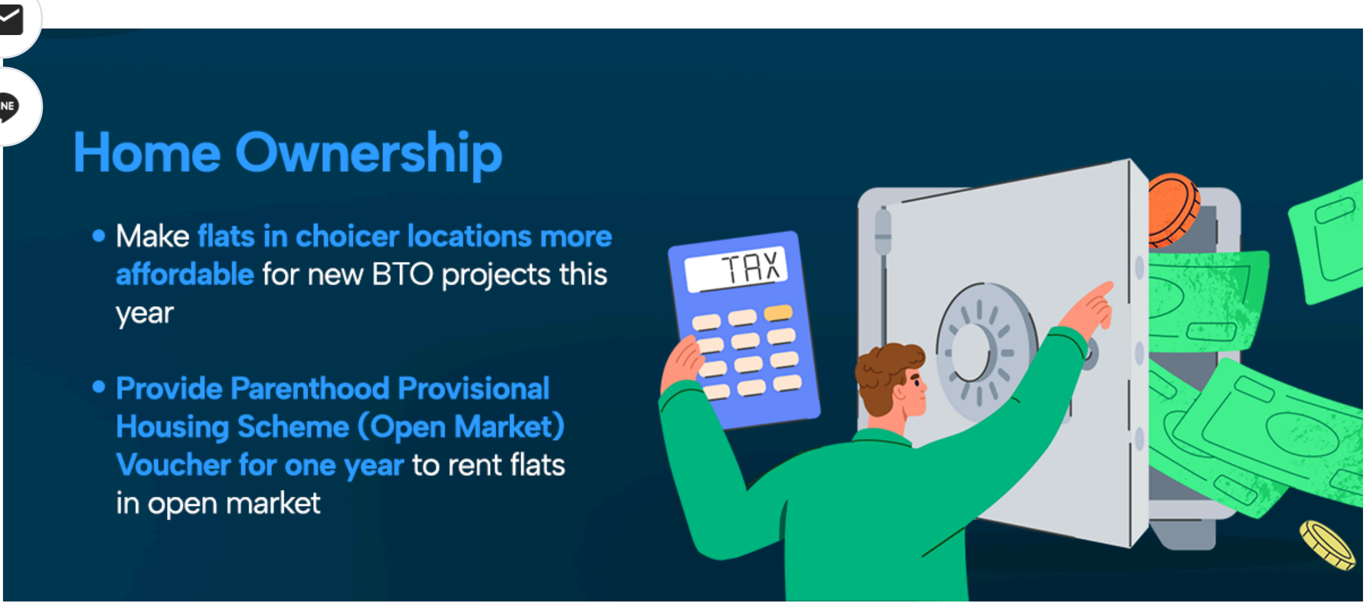
For parents with young children, rejoice! Children enrolled in government-supported pre-schools will have a lower monthly childcare fee cap in 2025.

The fees will be capped at S$640 for anchor operators and S$680 for partner operators. These are before childcare subsidies.

These fees are projected to be further reduced in 2026, with more details to be disclosed at a later date.

But for now, existing subsidies benefitting children with working mothers will *also* be extended to children with non-working mothers too – aka housewives. This enhancement is projected to benefit up to 17,000 children, remarks DPM Lawrence Wong.

Flexibility to rent a home while waiting for BTO flats



Under the Parenthood Provisional Housing Scheme (PPHS), couples who have booked a Build-to-Order (BTO) flat and are waiting for it to be completed can rent a flat from HDB at subsidised rates.

The government will provide a PPHS (Open Market) Voucher for one year, to support eligible families who rent a HDB flat in the open market.

Last year, it was announced that the number of flats being set aside for the scheme would be raised to 4,000 over two years.

Greater support for those with special needs

DPM Lawrence Wong announced that the maximum monthly fees at special education schools will be reduced from S$150 to S$90. Fee caps at all special student care centres will also be lowered.

Meanwhile, for adults with disabilities, greater support will be implemented for their employability. For starters, the government will be expanding spaces in sheltered workshops and day activity centres for them to undergo skills training.

More enabling service hubs will be launched to better support people with disabilities and their caregivers too.

Changes to the CPF system

CPF contribution rates will increase by 1.5 percentage points for those aged 55 to 65. From 2025 onwards, the government will raise the maximum amount members can put into their CPF RA to receive higher CPF payouts.

The government's CPF Transition Offset for employers will also be extended by another year to cover half of the increase in employer contributions for 2025.

1. ERS and BRS

The Enhanced Retirement Sum (ERS) will also be raised from 2025. This refers to the maximum amount that members can put into their CPF RAs. Currently, the ERS is three times more than the Basic Retirement Sum (BRS).

For instance, in 2024, the BRS is S$102,900 while the ERS is S$308,700.

But from 2025 onwards, the ERS will be increased to 4 times the BRS instead – increasing to a total of S$426,000. This endeavours to assist more citizens aged 55 and above to fully commit their accumulated CPF savings to receive higher CPF payouts if they wish.

2. Closing Special Accounts

The current CPF Account system comprises an Ordinary Account (OA), a Special Account
and a Retirement Account (RA). However, from 2025 onwards, the government will be closing the SA for those aged 55 and above.

These savings will be transferred to the RA up to the Full Retirement Sum, where they will continue to earn the long-term interest rate.

The remaining SA savings will be transferred to the OA, but members can voluntarily transfer their OA savings to the RA anytime, up to the Enhanced Retirement Sum to earn higher interest and receive higher retirement payouts.

Majulah Package for seniors and "young seniors"

If you remember the National Day Rally 2023, it was announced that Singaporeans (born between 1960–1973) can benefit from an initiative known as the Majulah Package.

Essentially, Singaporeans in their 50s and 60s will get an additional boost for their retirement through this package:

1. **Earn and Save Bonus:** Eligible seniors earning up to S$6,000 per month will receive a yearly bonus of up to S$1,000 to accumulate more savings.
2. **Retirement Savings Bonus:** This is a one-time bonus between S$1,000 and S$1,500 for eligible seniors with retirement savings that are below the BRS
3. **MediSave Bonus:** This is a one-time bonus between S$750 and S$1,500 - which will be tiered according to seniors' year of birth, the AV of their residence*, and whether they own more than one property as of 31 Dec. For instance, "young seniors" with fewer means could potentially receive the higher tier amount of S$1,500.

All in all, the Majulah Package will benefit 1.6 million Singaporeans, at a total lifetime cost S$8.2 billion. S$7.5 billion will also be set aside for the new fund – the Majulah Package Fu without burdening future generations.

*This will apply to seniors who live in a property with an annual value (AV) of S$25,000 or less, and own no more than one property.

MediSave Bonus for all adult Singaporeans

All adult Singaporeans aged 21 – 50 will receive a one-time MediSave Bonus of up to S$300. The government will also be raising the income criteria for means-tested healthcare and its associated social support subsidy schemes, like the CHAS and MediShield Life premium subsidies.

It is predicted that more than 1 million Singaporeans and PRs will benefit from higher subsidies and about 1.4 million Singaporeans will benefit from the MediSave Bonus.

Age Well SG

As Singapore's population continues to age, preventive care has been a key focus of Singapore's healthcare strategy.

In light of this, DPM Lawrence Wong announced that S$3.5 billion will be set aside for initiatives under Age Well SG, a national programme to support and encourage seniors in active ageing.

In general, there will be more Active Ageing Centres providing a wider range of programmes such as:

- More assisted living options like Community Care Apartments
- More senior-friendly amenities in neighbourhoods
- More sheltered linkways
- Pedestrian-friendly roads
- Bus stops with senior-friendly features

More LifeSG credits for NSmen

All past and present national servicemen will receive S$200 in LifeSG credits. These credits will be disbursed to eligible NSmen in November, valid for one year from date of issue.

These credits can be spent at over 100,000 online or physical stores accepting payments via PayNow UEN QR or NETS QR. The credits can be accessed from the LifeSG app.

Charity, arts, and sports

1. Charity

With the recent earthquakes in Türkiye and Syria as well as the ongoing Israel-Hamas conflict, many Singaporeans have stepped up to provide aid to these devastated communities. Given this, an Overseas Humanitarian Assistance Tax Deduction Scheme will be introduced to encourage Singaporeans to support those in need overseas.

Under this scheme, 100% tax deductions for cash donations made towards causes that support emergency humanitarian assistance abroad will be introduced in a 4-year pilot. These donations must be made through designated charities.

2. Arts

For the arts, over S$100 million will be invested to support the Our SG Arts Plan over the next four years.

3. Sports

DPM Lawrence Wong also announced plans to continue supporting the Sports Facilities Master Plan, which will see rejuvenated sports centres in Toa Payoh, Punggol and Clementi.

The government will also provide a S$20 million top-up for the One Team Singapore Fund and extend it until the end of FY 2027.

The fund provides dollar-for-dollar matching for donations towards Team Singapore athletes.

The scope of eligible donations will also cover athletes in emerging sports, such as pickleball, tchoukball and powerlifting.

Personal income tax rebates

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To tackle concerns over rising costs of living, there will be a personal income tax rebate of 50% for the AY 2024, capped at S$200. This will cost the government S$350 million.

Currently, taxpayers may also claim a range of dependent-related tax reliefs, if the dependants have an annual income of S$4,000 or less. This threshold will be raised to S$8,000 with effect from AY 2025.

Property tax changes

Since Budget 2022, a two-step increase in property tax rates for homes was announced.

“This was meant as a wealth tax, targeted at all investment properties, as well as the higher-end segment of owner-occupied private properties,” DPM Lawrence Wong says.

Since then, rents have increased significantly, leading to annual values (AVs) increasing sharply too. Initially, it was predicted that property tax changes to impact the top 7% of owner-occupied residential properties. However, due to the steep increases, this figure has doubled to nearly [illegible]%.

As a result, all AV bands of owner-occupied residential property tax rates will be raised to ensure that those living in higher-value properties continue to pay their fair share of taxes.

However, IRAS will provide a 24-month interest-free instalment plan to retirees living in higher-end residential homes who face cash flow issues when paying their property tax bills.

Changes to Additional Buyer's Stamp Duty

Currently, married couples with existing property can enjoy an ABSD refund on their replacement private property under a concession.

To support seniors who wish to right-size, the government will extend this concession to single Singaporeans aged 55 and above.

These seniors will be able to claim a refund of ABSD paid on their replacement private property if they sell their first property within six months after buying a lower-value replacement private property.

ABSD rates were raised in April last year as part of property cooling measures. For Singaporeans, buying a second property, the ABSD rate is 20%. Any subsequent properties will incur an ABSD rate of 30%.

"Some flexibility" will also be accrued to the ABSD regime for housing developers. Currently, developers are granted an ABSD remission if they sell all units in their development by a deadline. For those who can't sell all their units, they are subject to a full clawback of the ABSD.

The government will lower the ABSD clawback rate should developers sell at least 90% of each development within the deadline.

Corporate income tax

Moving forward, pillar 2 of BEPS 2.0 – an OECD project where more than 140 countries agreed to bring the minimum effective tax rate of large corporates to 15% – will be implemented.

Currently, the headline corporate income rate is 17% in Singapore, but some investors pay an effective rate that is as low as 4%. The pillar 2 is aimed to provide additional revenues and may even lead to a "reduction in our tax base" if MNEs "shift some activities to other jurisdictions in response to new business environment".

FY2023 and FY2024 fiscal positions

In FY2023, revenue collections were better than expected due to higher corporate income tax collections. This boost in revenue allowed the government to pay for new spending, including the S$7.5 billion injection to the Majulah Package fund.

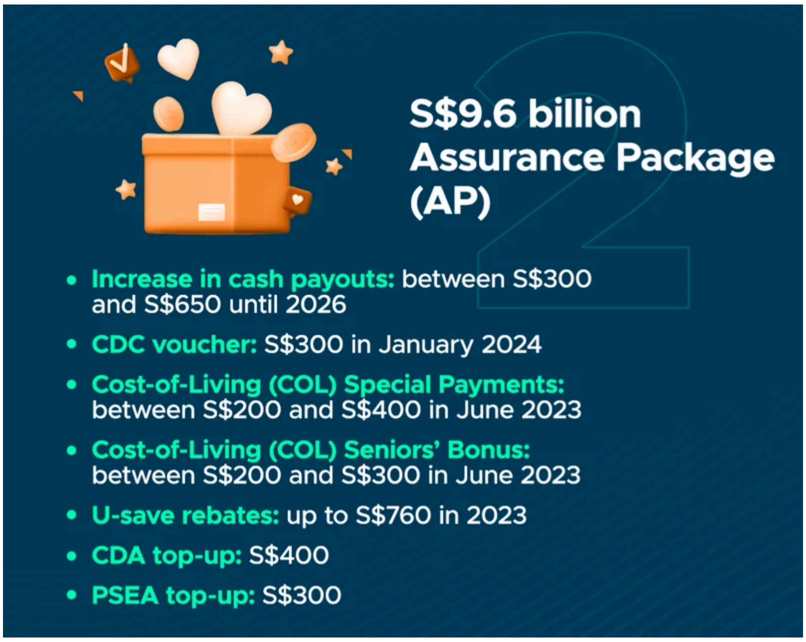
But with higher revenue came higher spending too. Thus, the government expects to end FY2023 with a deficit of S$3.6 billion, or 0.5% of GDP.

For FY2024, the government is budgeting a small surplus of S$0.8 billion – about 0.1% of GDP. This aims to offer targeted support to households and businesses.

Recap of Budget 2023

Under the theme of "Moving Forward In A New Era", Budget 2023 was announced on 14 February 2023, which DPM Wong also said was his "Valentine's Day present" to help Singaporeans cope with the rising cost of living.

In it, the government announced a slew of measures, here are some of the main highlights:



- Increased GST payouts and Assurance Package to help cope with the GST hike. The Assurance Package was further enhanced by S$800 million in September 2023 and eligible Singaporeans received a total of S$200 to S$800 from the Assurance Package and Assurance Cash Special Payment
- Increase in the CDC voucher amount, which saw all Singapore Households receiving a total of S$300 of CDC vouchers in Jan 2024
- Higher U-Save rebates

- Additional BTO ballot for first-time applicants
- Up to S$30,000 more in CPF Housing Grants for resale HDB buyers
- Additional S$3,000 Baby Bonus Cash Gift
- Double-paid paternity leave from two weeks to four weeks
- Higher CPF monthly payouts for seniors under the Retirement Sum Scheme

- Higher CPF monthly salary ceiling from S$6,000 to S$8,000 over a period of four years from 2023 till 2026

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Singapore Budget 2024 predictions

As Singapore's economy is heavily reliant on global trade, the slowdown in the global economy, exacerbated by geopolitical tensions, the US-China trade war, high-interest rate environment, and high inflation, means that Singapore is facing an uncertain global environment.

Meanwhile, while Singapore's economy grew by 1.2% in 2023, the government has forecasted the economy to grow by 1% in 2024, but much of it will depend on the external environment.

DBS economist Chua Han Teng expects Budget 2024 to include ideas from the Forward Singapore (Forward SG) exercise, which will have a balance between near and long-term priorities.

Higher cash handouts to households

Despite the various measures by the government to help cope with rising costs of living and the GST rate hike, the reality is that the cost of living has continued creeping up.

According to data from the Monetary Authority of Singapore (MAS) and the Ministry of Trade (MTI), headline inflation was 4.8% year on year, while core inflation - which excludes accommodation and private transport - reached 4.2%.

Headline inflation increased from 3.6% in November 2023 to 3.7% in December 2023, while core inflation was also higher in December 2023 at 3.3% from 3.2% in November 2023.

Meanwhile, the median income also fell by 2.2% in real terms in 2023, according to data fr the Manpower Ministry (MOM).

Indeed, experts believe there will be more handouts to households in Budget 2024 to help Singaporeans cope better amid sluggish economic growth and high inflation. OCBC Chief Economist Selena Ling expects over S$2 billion in handouts to be on the cards based on the generous handouts given the last two budgets.

UOB economists also believe that the government will likely enhance the Assurance Package to increase cash payouts or U-save utility rebates, alongside a possible one-off cost-of-living special cash payment, additional CDC vouchers, or one-off top-ups to PSEA/Edusave/CDA accounts in 2024.

With potentially more cash payouts, be sure to manage your finances wisely. Park them in a high-yield savings account to save up for a rainy day!

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More support to help displaced workers and upskilling of workers

You may have also seen news of major layoffs that have happened over the past few months, both in Singapore and across the world, as companies have been laying off workers in a bid to trim costs.

In Singapore, retrenchments more than doubled in 2023 compared to a year before, based on figures from MOM. The number of retrenchments in 2023 was 14,320, up from 6,440 in 2022.

Therefore, according to this article, Budget 2024 could also offer support for the involuntarily unemployed. DPM Lawrence Wong said last year that “appropriately sized” public funded benefits to be utilised to help retrenched workers, in the form of training and career counselling.

Alvin Liew, Senior Economist from UOB, believes the government may introduce further incentives to encourage workers to upskill themselves in digitalisation, artificial intelligence, and the green transition, and there’s a possibility of a top-up to the SkillsFuture credit to allow individuals to pursue full-time courses. He also predicts that they might enhance the co-funding share under the Progressive Wage Credit Scheme (PWCS) for 2024 to 2026.

Support for businesses

For businesses, economists also predict there will be an additional one-off CPF translation offset to alleviate the impact on businesses from the CPF monthly salary ceiling increase from 2023 to 2026. It will rise to S$6,800 from January 2024, S$7,400 from January 2025 and S$8,000 from January 2026.

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You visit the MOF site and subscribe to the Budget statement mailing list here.

How you can share your views and feedback on Budget 2024?

You can share your views and feedback on Budget 2024, through various channels over an 8-week period. These channels include:

Channels	Contact details
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REACH Singapore Facebook	www.facebook.com/REACHSingapore
REACH Singapore Instagram	www.instagram.com/reachsg
PA Ask Kopi Kakis #shareyourviews webpage	https://go.gov.sg/akksyvb24

Where can I catch Budget 2024 live?

There are many channels you can tune it to watch Budget 2024 live. It will commence on 16 February 2024 at 3.30pm.

Free-to-air TV channels

- Channel 5 (Singapore Association for the Deaf (SADeaf) will provide simultaneous sign language interpretation of the speech on Channel 5)
- Channel News Asia (CNA)

Livestreams

- CNA website (www.channelnewsasia.com)
- CNA YouTube
- CNA Facebook
- 8 World News (www.8world.com)
- 8 World News YouTube
- 8 World News Facebook
- MediaCorp's meWATCH (www.mewatch.sg)

Radio

- CNA938
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If you don’t have time to tune it, don't worry. Key announcements from the Budget statement will also be periodically updated on MOF’s social media and messaging platforms, mainly Facebook, Instagram, LinkedIn, X and WhatsApp to keep you updated.

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