BUDGET 2020 HIGHLIGHTS

Singapore

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

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Readers should seek professional advice before taking any action based on the information contained herein.

CONTENTS

FOREWORD

Budget 2020 contains two key thrusts. First, the introduction of the Stabilisation and Support Package to address near-term challenges over economic uncertainties and the COVID-19 outbreak. Second, a set of Transformation and Growth strategy measures to support the longer-term plans to position Singapore as the Global-Asia node of technology, innovation and enterprise.

The Stabilisation and Support Package is aimed at stabilising the economy, putting in more cash in the hands of enterprises to ease their cash flow and helping our workers stay employed during these uncertain times. The support is greatest for industries such as tourism, aviation, retail and food services which are directly impacted by the COVID-19 crisis. Other business sectors impacted by the ripple effects of the crisis and the resultant disruptions to their supply chains also benefit from these measures.

The initiatives introduced to weather the near-term economic uncertainties include temporary bridging loans, corporate tax and property tax rebates, carry back of losses to two more prior years, faster write-off of plant and machinery, renovation and refurbishment expenditure incurred this year.

The Job Support Scheme, a 8% wage offset for three months, was introduced to help employers to defray staff cost and keep employees in their workforce. The level of wage co-funding by the Government for the Wage Credit Scheme was also increased to encourage businesses to continue with their transformation efforts and share productivity gains with employees.

Whilst tackling these near-term challenges, the Government has not lost sight of the longer-term plan to transform the economy. Three key thrusts were announced to drive the longer-term Transformation and Growth strategy; viz. (a) enabling stronger partnerships within Singapore and across the world, (b) deepening enterprise capabilities and (c) developing capabilities of our people.

As a small and open economy, Singapore must continue to strengthen the partnerships with the world via various channels of economic linkages. Beyond economic connectivity, the Finance Minister also emphasized on the value creation of digital economy. Digitalisation has transformed business models and trade. This has opened up unparalleled opportunities for enterprises and consumers. Enterprises that are able to navigate and tap into international markets in the new digital environment will have a competitive advantage.

The second thrust for the transformation is to deepen capabilities of enterprises by innovating, digitalising and venturing overseas. The Government is committed to support enterprises at each stage of their growth; starting up, growing and transforming. There are enhancements to various initiatives such as the Deep-tech Start-ups for starting up and Enterprise Grow Package to help with venturing into new markets.

The third thrust of the economic transformation is to develop and deepen our people's capabilities to enable them to access good jobs, earn good wages and stay employable. There are various Government support programmes to encourage lifelong learning, skills upgrading and reskilling in order to stay relevant and employable. The 70-70 target for students to acquire cross-cultural skills and understand our region (ASEAN, China or India) better was introduced. A brand new SkillsFuture Enterprise Credit was introduced to encourage employers to embark on transformation of enterprise and their workforce in tandem.

Singapore has always prided itself on, amongst others, strong rule of law, an open economy and a well-trained high quality workforce. These fundamentals have distinguished Singapore and they must continue to be built on for us to ride the next wave of structural changes resolutely.

Cindy Lim

Partner
18 February 2020

CORPORATIONS AND BUSINESSES

Corporate Income Tax Rate and Rebate

Current

The current corporate income tax rate is 17%. Companies can qualify for a corporate income tax rebate of 20% of tax payable, capped at $10,000 for YA 2019.

Proposed changes

To help companies with cash flow, a corporate income tax rebate of 25% of tax payable, capped at $15,000, will be granted for YA 2020.

Effective date

Applicable to YA 2020.

Comments

- With the corporate income tax rebate announced of 25% of tax payable (capped at $15,000) for YA 2020, the effective tax rate for the first $200,000 of normal chargeable income is 6.22%. For the same level of normal chargeable income of $200,000 for YA 2019, where the rebate is 20% of tax payable (capped at $10,000), the effective tax rate is slightly higher at 6.63%.
- For a company with normal chargeable income of $214,000 for both the YA 2019 and YA 2020, it will have the same effective tax rate of 6.64% on its taxable income.
- This measure aims to provide a higher level of cash flow relief to SMEs.

Interest-free Instalments of Tax Payments

Current

Companies paying their corporate income tax by GIRO currently enjoy interest-free monthly instalments if they file their estimated chargeable income ("ECI") within three months from their financial year end ("FYE"), as follows*:

- File ECI within one month from FYE – Up to ten monthly instalments; or
- File ECI within two months from FYE – Up to eight monthly instalments; or
- File ECI within three months from FYE – Up to six monthly instalments.

* *Companies have to e-file by 26th of the month in order to enjoy the maximum number of instalments allowable for that month.*

Proposed changes

Companies paying their corporate income tax by GIRO can automatically enjoy an additional two months of interest-free instalments when they file their ECI within three months from their FYE.

Effective date

This automatic extension of instalment plan by 2 more months will apply to:

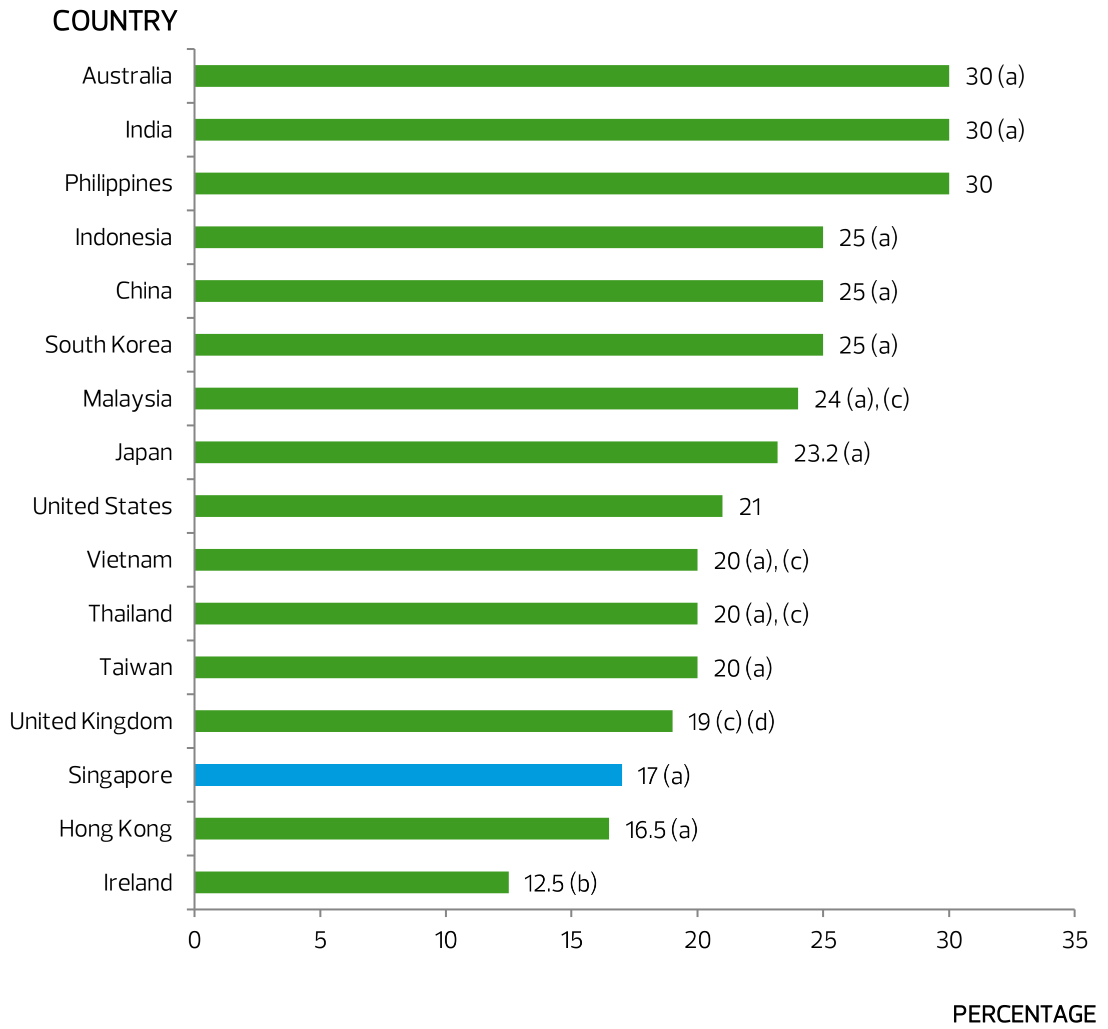
- Companies that file their ECI from 19 February 2020 to 31 December 2020; and
- Companies that file their ECI before 19 February 2020, and have ongoing instalment payments to be made in March 2020.

Comments

- Cash flow is a concern to some during the current economic downturn. The additional interest-free two months grace period to settle taxes should provide a much needed relief to those in need of short-term financial support and to tie them over this difficult period.
- Companies with substantial amount of tax payable should consider filing their ECI as early as possible to take advantage of this concession.

Prevailing Corporate Income Tax Rates in Selected Countries

The corporate income tax rate in Singapore is considered very competitive compared to a number of other countries listed below.



(a) Lower rates or partial tax exemption are applicable for lower income bands, companies with smaller paid-up capital or those engaged in certain preferred trade activities.

(b) Only applicable to trading income. Different rates apply to other sources of income.

(c) Higher corporate tax rate applicable to activities of exploration and exploitation of oil and gas and other precious natural resources.

(d) Further reduced to 17% for fiscal year beginning 1 April 2020 (for all profits except for companies that make profits from oil extraction or oil rights).

The rates above are headline rates of tax excluding dividend withholding tax, surcharges, cess or other state and local taxes, where applicable.

Please note that the corporate income tax rates above are based on our current understanding of the respective countries' corporate income tax. The chart above is for illustrative purposes only. You should confer with your tax advisors before relying on the information above to make any decisions.

Loss Carry-back Relief

Current

Qualifying deductions i.e. current year unabsorbed capital allowances and trade losses, for a YA may be carried back to offset against the assessable income of a taxpayer for the immediate preceding YA, capped at $100,000 of qualifying deductions and subject to conditions.

Proposed changes

The carry-back relief scheme will be enhanced for YA 2020. Under the enhanced scheme, qualifying deductions for YA 2020 may be carried back up to three immediate preceding YAs, capped at $100,000 of qualifying deductions, and subject to conditions.

Taxpayers may elect to carry back to the relevant preceding YAs an estimated amount of qualifying deductions available for YA 2020, before the actual filing of their income tax returns for YA 2020.

IRAS will provide the details of the change by end-March 2020.

Effective date

The carry-back relief scheme is enhanced for YA 2020 only.

Comments

- The proposed enhancement helps businesses in easing their cash flow and lightening their tax burden in light of the current crisis. Such benefit however only accrues to companies which have chargeable income in the three immediate preceding YAs.
- By allowing taxpayers to elect and carry back an estimated amount of available qualifying deductions before the actual filing of the YA 2020 income tax returns would help to alleviate short-term cash flow difficulties.
- Companies must take into account the tax exemption and corporate income tax rebate for the respective years so that maximum benefit may be achieved by carrying back qualifying deductions to the three immediate prior years.

Acceleration of Capital Allowances Claim for Plant and Machinery

Current

A taxpayer which incurs capital expenditure on the acquisition of plant and machinery ("P&M") for the purposes of its trade, profession or business may claim capital allowances (i.e. write off the cost of acquiring the P&M). Capital allowances are allowed under Section 19 of the ITA over the working life of the assets as specified in the Sixth Schedule, or over three years as provided for under Section 19A(1) of the ITA.

Proposed changes

A taxpayer which incurs capital expenditure on the acquisition of P&M in the basis period for YA2021 (i.e. FY 2020) will have an option to accelerate the write-off of the cost of acquiring such P&M over two years. This option, if exercised, is irrevocable.

The rates of accelerated capital allowances allowed are as follows:

- 75% of the cost incurred to be written off in the first year (i.e. YA 2021); and
- 25% of the cost incurred to be written off in the second year (i.e. YA 2022).

The above option will be in addition to the options currently available under Sections 19 and 19A of the ITA.

No deferment of capital allowances claims is allowed under the above option. This means that if a taxpayer 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 YA 2021) and 25% (in YA 2022).

Effective date

Acquisition of qualifying P&M in basis period for YA 2021.

Comments

- The proposed accelerated capital allowances claim for P&M is a welcoming measure. It reflects the Government's commitment to help businesses to weather the near-term economic uncertainties. The reduction in income tax payable eases cash flows for businesses.

- The benefit would have been greater if the accelerated capital allowances claim applies to P&M acquisitions made in more than one YA.

Working Life of Plant and Machinery for Capital Allowances Claim Purposes

Current

The Sixth Schedule specifies the number of years of working life ("prescribed working life") of P&M for the purpose of computing annual allowances for such P&M under Section 19 of the ITA.

Depending on the P&M, businesses may claim annual allowances on their P&M over 5, 6, 8, 10, 12, or 16 years.

Proposed changes

To simplify capital allowances claims under Section 19 of the ITA, the prescribed working life of P&M in the Sixth Schedule will be streamlined. Businesses claiming annual allowance under Section 19 of the ITA may make an irrevocable election to write down their P&M as follows:

- If the current prescribed working life of the P&M in the Sixth Schedule is 12 years or less, businesses may choose to claim annual allowance over 6 or 12 years; or
- If the current prescribed working life of the P&M in the Sixth Schedule is 16 years, businesses may choose to claim annual allowance over 6, 12 or 16 years.

The above will apply for P&M acquired in or after FY 2022, and in cases where P&M were purchased prior to FY 2022 and no claim for capital allowances (both initial and annual allowances) has been made (i.e. the claim for capital allowances in respect of the entire cost of the P&M has been deferred).

Effective date

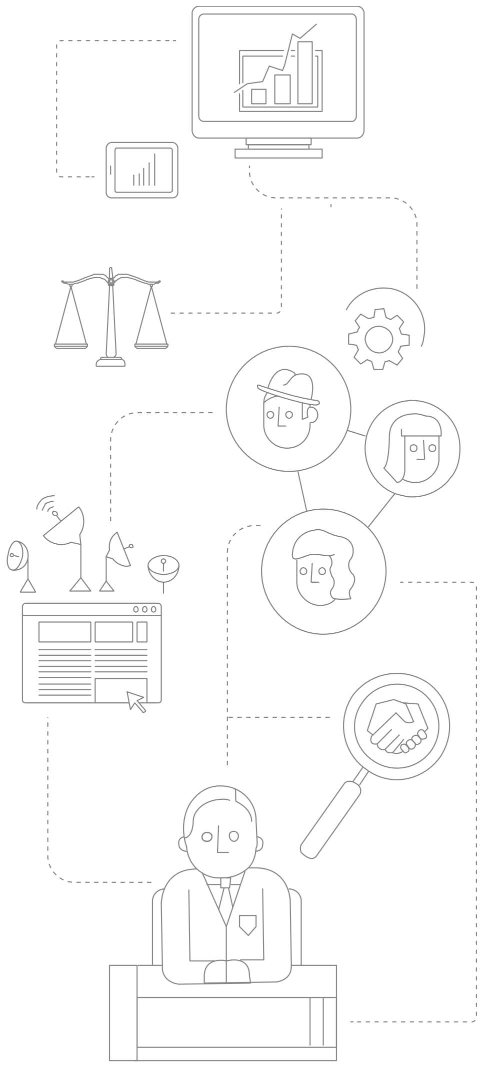
For P&M acquired in or after FY 2022.

May include those P&M acquired prior to FY 2022 where no initial and annual allowances have yet been made in respect of the entire cost of the asset.

Comments

- As the proposed changes are in addition to the currently available accelerated capital allowances claim under Section 19A, the election which businesses could now made under Section 19 provides an added choice for better business planning.

- An accelerated annual allowances claim under Section 19 of the ITA for P&M, if opted for, means a reduction in tax payable for businesses for the respective years in question.



Acceleration of Renovation and Refurbishment Expense Claim

Current

Under Section 14Q of the ITA, a taxpayer which incurs qualifying expenditure on renovation and refurbishment ("R&R") for the purposes of its trade, profession or business is allowed to claim tax deduction on such expenditure over three consecutive YAs, starting from the YA relating to the basis period in which the R&R expenditure is incurred. A cap of $300,000 for every relevant period of three consecutive YAs applies.

Proposed changes

A taxpayer which incurs qualifying expenditure on R&R during the basis period for YA 2021 (i.e. FY 2020) for the purposes of its trade, profession or business 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 14Q of the ITA.

Effective date

Qualifying R&R expenditure incurred during the basis period for YA 2021.

Comments

- The accelerated R&R deduction provides an encouragement for businesses to undertake R&R project during the present lull period of low economic activities. The accelerated deduction for expenditure incurred in FY 2020 is timely as such claim if made would translate into a lower tax burden for businesses.

- A slight disappointment though as the expenditure cap remains at $300,000. An increased cap would have been much welcomed by industries such as hotel, retail, food and beverage sectors where R&R expenditure is generally much higher due to the need to carry out frequent R&R work in order to remain competitive.

- Given that the $300,000 cap for every relevant period of three consecutive YAs still applies, for businesses where the expenditure cap of $300,000 had already exceeded for the immediate preceding two years, the announced proposed changes would have no impact to them.

Double Tax Deduction for Internationalisation Scheme

Current

Under the Double Tax Deduction for Internationalisation ("DTDi") scheme, businesses are allowed a tax deduction of 200% on qualifying market expansion and investment development expenses, subject to approval from Enterprise Singapore or the Singapore Tourism Board ("STB").

No prior approval is required from Enterprise Singapore or STB for tax deduction on the first $150,000 of qualifying expenses incurred on the following activities for each YA:

- Overseas business development trips/missions;
- Overseas investment study trips/missions;
- Participation in overseas trade fairs; and
- Participation in approved local trade fairs.

The DTDi scheme is scheduled to lapse after 31 March 2020.

Proposed changes

- To continue encouraging internationalisation, the DTDi scheme will be extended till 31 December 2025.
- In addition, the scope of the DTDi scheme will be enhanced to cover the following:
  - Third-party consultancy costs relating to new overseas business development to identify suitable talent and build up business network; and
  - New categories of expenses incurred for overseas business missions (i.e. fees incurred on speaking spots to pitch products/services at overseas business and trade conferences, transporting materials/samples used during the business missions and third-party consultancy costs to arrange business networking events to promote products/services).
- Enterprise Singapore will provide further details of the changes by end-March 2020.

Effective date

- The DTDi scheme is extended till 31 December 2025.
- The expanded scope will take effect for qualifying expenses incurred on or after 1 April 2020.

Comments

- DTDi which aims to encourage taxpayers to expand internationally has always been a popular scheme. It is encouraging to note that the scheme will be extended when it expires in March 2020. This reflects the Government's continued effort to encourage internationalisation. With the shift in global economic weight towards Asia, global expansion is even more vital for businesses to stay relevant and competitive.
- The Government recognises the need of businesses to engage local or international experts to advise on matters relating to market penetration in new territories. It is heartening to note the widening of the scope of qualifying expenditure to include business development costs as well.

Mergers and Acquisitions Scheme

Current

The Mergers and Acquisitions ("M&A") scheme, initially introduced in 2010, was extended in 2015 to further support companies, especially small and medium-sized enterprises ("SMEs"), to grow via strategic acquisitions.

The M&A scheme allows taxpayers to claim the following tax benefits:

- An M&A allowance, (to be written down over five years) that is based on 25% of the value of a qualifying acquisition, subject to a cap of $40 million on the value of all qualifying acquisitions per YA;
- Stamp duty relief on the instruments for the acquisition of the ordinary shares under an M&A deal, capped at $80,000 of stamp duty per FY; and
- 200% tax deduction on transaction costs incurred on qualifying M&A deals, subject to an expenditure cap of $100,000 per YA.

Since 2012, IRAS have allowed, on a case-by-case basis, the waiver of the condition that acquiring companies must be held by an ultimate holding company that is incorporated in and is a tax resident of Singapore.

This scheme is scheduled to lapse after 31 March 2020.

Proposed changes

- To continue encouraging companies to consider M&A as a strategy for growth and internationalisation, the M&A scheme will be extended to cover qualifying acquisitions made on or before 31 December 2025.

- The scheme will remain unchanged for acquisitions made on or after 1 April 2020, except for the following:
  - ➢ Stamp duty relief will lapse for instruments executed on or after 1 April 2020; and
  - ➢ No waiver will be granted for the condition that the acquiring company must be held by an ultimate holding company that is incorporated in and is a tax resident of Singapore. This will apply for acquisitions made on or after 1 April 2020.

Effective date

- The M&A scheme is extended to 31 December 2025.

- Stamp duty relief lapses on or after 1 April 2020.

- No waiver of condition about ultimate holding company of the acquiring company will be granted for acquisitions made on or after 1 April 2020.

Comments

- This is the second extension to the M&A scheme. It clearly demonstrates that the Government continues to support and encourage SMEs to grow via strategic acquisitions. SMEs should take every opportunity to reap the full benefit of the scheme as the M&A allowance could be sizable, depending on the acquisition value, and reduce tax cost over a period of 5 years.

- It is understandable why the Government no longer will grant waiver for the condition that the acquiring company must be held by a Singapore incorporated and tax resident ultimate holding company. This clearly demonstrates that going forward, from 1 April 2020, the M&A scheme will be targeted for use by home-grown SMEs.

- With the lapse of stamp duty relief from 1 April 2020, stamp duty payable on share transfer instruments will be an added cost to any M&A transaction. If companies should have any pending M&A deals that are capable of being concluded and the instruments for the acquisition are executed before 31 March 2020, the relevant stamp duty cost could be saved.

Writing-down Allowance Scheme for the Acquisition of an Indefeasible Right to Use an International Submarine Cable System

Current.

A taxpayer which has incurred capital expenditure on the purchase of an indefeasible right to use an international submarine cable system (referred to as "Indefeasible Right of Use" or "IRU") for the purposes of its trade, business or profession can claim writing-down allowance on the amount incurred, subject to conditions.

The scheme is scheduled to lapse after 31 December 2020.

Proposed changes

The writing-down allowance scheme under Section 19D of the ITA will be extended till 31 December 2025, i.e. writing-down allowance will be allowed on qualifying capital expenditure incurred on or before 31 December 2025 for the acquisition of an IRU.

Effective date

The scheme is extended till 31 December 2025.

Comments

- It is clearly appropriate to extend this scheme in this internet age where high speed connectivity and data flow is an every-day event. Companies in this industry would appreciate most the extension of this writing-down allowance scheme.

Upfront Certainty of Non-taxation of Ordinary Share Disposal Gains

Current

Under Section 13Z of the ITA, gains derived from the disposal of ordinary shares by companies will not be taxed, if:

- The divesting company holds a minimum shareholding of 20% in the company whose shares are being disposed ("investee company"); and
- The divesting company has maintained the minimum 20% shareholding for a minimum period of 24 months just prior to the disposal.

The scheme does not apply to disposals of unlisted shares in an investee company that is in the business of trading or holding Singapore immovable properties (other than the business of property development).

For non-qualifying share disposals (such as those excluded from the scheme), the tax treatment of the gains/losses arising from share disposals is determined based on the facts and circumstances of the case.

The scheme is scheduled to lapse after 31 May 2022.

Proposed changes

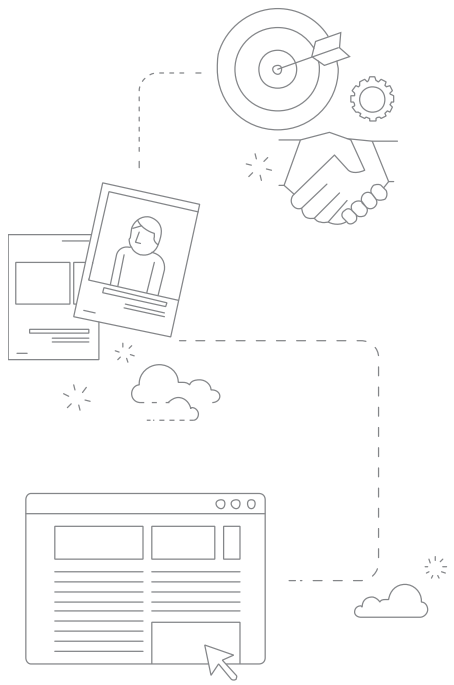
- To provide upfront certainty to companies in their corporate restructuring, the scheme under Section 13Z will be extended to cover disposals of ordinary shares by companies from 1 June 2022 to 31 December 2027.
- In addition, to ensure consistency in the tax treatment for property-related businesses, the scheme will not apply to disposals of unlisted shares in an investee company that is in the business of trading, holding or developing immovable properties in Singapore or abroad. The tax treatment of such share disposals will be based on the facts and circumstances of the case.
- All other conditions and exclusions of the scheme remain the same.
- IRAS will provide further details of the changes by end-June 2020.

Effective date

- The scheme is extended to cover disposals made during the period from 1 June 2022 to 31 December 2027.
- The change about the tax treatment for property-related businesses takes effect for share disposals on or after 1 June 2022.

Comments

- The extension of the Section 13Z scheme is very much welcomed as it enhances the attractiveness of Singapore as the ideal holding company location. It provides comfort to investors knowing that there is this upfront certainty that gains derived from ordinary share disposals of its investee companies (non-property related) will not be taxed as long as the minimum shareholding threshold and the period of share ownership conditions are met.
- With the Section 13Z refinement, it will cease to provide tax exemption for gains derived from the disposal of unlisted shares in an investee company that is in the business of trading, holding or developing immovable properties located in Singapore or abroad. The usual rules or principle in the determination of whether the gains in question are capital or revenue in nature would apply.



Tax Treatment of Expenditures Funded by Capital Grants

Current

Singapore does not tax receipts that are capital in nature, so recipients of capital grants from the Government and statutory boards are not subject to tax on the grant amounts received.

At the same time, these recipients are able to claim tax deductions or allowances on the corresponding expenditure incurred which are funded by such grants from the Government or statutory boards.

Recipients of grants from the Government or statutory boards that are revenue in nature are currently subject to income tax on the grant amount received.

At the same time, these recipients are able to claim tax deductions or allowances on the corresponding expenditure incurred which are funded by these grants from the Government or statutory boards.

Proposed changes

There should be no double incentivisation of recipients through grants and tax deductions or allowances.

For capital grants approved on or after 1 January 2021, recipients will not be allowed to claim tax deductions or allowances on that part of the expenditures that are funded by such grants from the Government or statutory boards.

Effective date

Capital grants approved on or after 1 January 2021.

Comments

- It is interesting to note that the effective date for the proposed change is on or after 1 January 2021. Hence for grants applied for and approved before 31 December 2020, it would appear that the current tax treatment still applies.

Property Tax Rebate for Qualifying Commercial Properties

As part of the Stabilisation and Support Package, qualifying commercial properties will be granted a rebate for property tax payable for the period 1 January 2020 to 31 December 2020.

Property Tax Payable for	Property Tax Rebate
Accommodation and function room components of hotel[1] buildings	30%
Accommodation and function room components of serviced apartment buildings	
Meetings, Incentives, Conventions and Exhibitions ("MICE") space components of the following three prescribed MICE venues: ▪ Suntec Singapore Convention & Exhibition Centre ▪ Singapore EXPO ▪ Changi Exhibition Centre	
Other qualifying commercial properties. Some examples are: ▪ Premises of an international airport ▪ Premises of an international cruise or regional ferry terminal[2] ▪ Shops (e.g. retail and F&B), including those within hotel buildings, serviced apartment buildings and the prescribed MICE venues ▪ Premises of tourist attractions	15%
▪ Marina Bay Sands ▪ Resorts World Sentosa The 30% and 15% Property Tax Rebates do not apply to Marina Bay Sands and Resorts World Sentosa.	10%

The above 30%, 15% and 10% Property Tax Rebates do not apply to any premises or a part of any premises used for residential, industrial or agricultural purpose, or as an office, a business or science park or a petrol station.

IRAS will provide further details on its website by end February 2020.

[1] A hotel licensed under the Hotels Act.
[2] Refers to Marina Bay Cruise Centre, Singapore Cruise Centre, and Tanah Merah Ferry Terminal.

Withholding Tax Exemption for Interest on Margin Deposits

<table>
<tr><th>Current</th><th>Proposed Changes and Effective Date</th></tr>
<tr>
<td>
The withholding tax exemption for interest on margin deposits is part of a range of withholding tax exemptions granted for the financial sector up till 31 December 2022.
The current qualifying scope of entities and products covered by the withholding tax exemption for interest on margin deposits are noted below.
<table>
<tr><th>Covered Entities</th><th>Covered Products</th></tr>
<tr>
<td>Members of approved exchanges</td>
<td>Spot foreign exchange (other than those involving Singapore dollar)
Financial futures
Gold futures</td>
</tr>
</table>
</td>
<td>
Proposed changes
To further develop Singapore's derivative market, the scope of the withholding tax exemption for interest on margin deposits is enhanced to cover the entities and products mentioned below.
<table>
<tr><th>Covered Entities</th><th>Covered Products</th></tr>
<tr>
<td>Members of approved exchanges
Members of approved clearing houses
Approved exchanges
Approved clearing houses</td>
<td>Spot foreign exchange (other than those involving Singapore dollar)
Financial futures
Gold futures
All other derivative contracts traded or cleared on approved exchanges and approved clearing houses</td>
</tr>
</table>
Effective date

The enhancements will apply for agreements entered into on or after 19 February 2020.
The extension of the withholding tax exemption will be reviewed together with the other withholding tax exemptions for the financial sector before 31 December 2022.
MAS will provide further details of the changes by May 2020.

</td>
</tr>
</table>

Comments

- The expansion of the covered entities and the inclusion of all other derivative contracts traded or cleared on approved exchanges and approved clearing houses anchor well for Singapore in enhancing its financial hub status.

TAX INCENTIVES

Maritime Sector Incentive

Current

Under the Maritime Sector Incentive ("MSI"), ship operators, maritime lessors and providers of certain shipping-related support services can enjoy tax benefits summarised in the Table below.

For ship operators	For maritime lessors	For providers of certain shipping – related support services
a) MSI-Shipping Enterprise (Singapore Registry of Ships) ("MSI-SRS") ▪ Tax exemption on qualifying income derived from operating Singapore-flagged ships[3]	c) MSI-Maritime Leasing (Ship) ("MSI-ML(Ship)") Award ▪ Tax exemption on qualifying income derived from leasing ships and 10% concessionary tax rate on qualifying income derived from managing an approved shipping investment enterprise	e) MSI-Shipping-related Support Services ("MSI-SSS") Award ▪ 10% concessionary tax rate on incremental qualifying income derived from carrying out approved shipping-related support services
b) MSI-Approved International Shipping Enterprise ("MSI-AIS") Award ▪ Tax exemption on qualifying income derived from operating foreign-flagged ships[4]	d) MSI-ML (Container) Award ▪ 10% or 5% concessionary tax rate on qualifying income derived from leasing of qualifying sea containers and intermodal equipment that is incidental to the leasing of qualifying sea containers and 10% concessionary tax rate on qualifying income derived from managing an approved container investment enterprise	
	▪ For (c) and (d), stamp duty remission is applicable to instruments executed on or before 31 May 2021 for the acquisition of shares in a special purpose company by an approved shipping or container investment enterprise, subject to conditions	

[3] The exemption also covers income derived from the uplift of freight from Singapore by foreign-flagged ships, except where such carriage arises solely from transhipment from Singapore, or is only within the limits of the port of Singapore.

[4] The exemption also covers in-house ship management income derived by the MSI-AIS Parent Company and Managing Company.

In addition, withholding tax exemption is granted on qualifying payments made by qualifying MSI recipients to non-tax residents (excluding a permanent establishment in Singapore) in respect of qualifying financing arrangements entered into on or before 31 May 2021 to finance the construction or purchase of qualifying assets (e.g. ships and containers), subject to conditions.

MSI-AIS for qualifying entry players, MSI-ML(Ship), MSI-ML(Container) and MSI-SSS are scheduled to lapse after 31 May 2021.

Proposed changes

- To continue developing Singapore as an international maritime centre, the MSI scheme will be extended till 31 December 2026.
- Similarly, the withholding tax exemption will be extended for qualifying payments made on qualifying financing arrangements entered into on or before 31 December 2026.
- In addition, the following changes will be made to the MSI scheme:
  - Expand the scope of in-house ship management income exemption under the MSI-AIS Award to include such income derived by MSI-AIS Sister Company and MSI-AIS Local Subsidiary.
  - Allow income derived from operating a ship that is provisionally registered with the Singapore Registry of Ships ("SRS") to qualify for tax exemption under the MSI-SRS scheme, regardless of whether a permanent certificate is subsequently obtained. Where a permanent certificate is not obtained, the tax exemption is only allowed up to one year from the date of issue of the provisional certificate.

  (These two enhancements will apply to existing and new award recipients for qualifying income derived on or after 19 February 2020.)

  - Allow the stamp duty remission to lapse for instruments executed on or after 1 June 2021.
- Maritime and Port Authority of Singapore ("MPA") will provide further details of the changes by May 2020.

Effective date

- The MSI scheme will be extended till 31 December 2026.
- The withholding tax exemption will be extended for qualifying payments made on qualifying financing arrangements entered into on or before 31 December 2026.
- The enhancements to the scheme will take effect from 19 February 2020.
- The stamp duty remission will lapse for instruments executed on or after 1 June 2021.

Comments

- The announced extension and enhancements of the MSI scheme will go to further strengthen Singapore's success as a major global maritime hub.
- Currently under the MSI-AIS Award, the in-house ship management income exemption only covers income derived by the MSI-AIS Parent Company and MSI-AIS Managing Company. It is indeed a welcome move to extend the scope to include MSI-AIS Sister Company and MSI-AIS Local Subsidiary.
- The other enhancement involves allowing income derived from operating a ship that is provisionally registered with the SRS to qualify for tax exemption under the MSI-SRS scheme.

  Even if a permanent certificate is not subsequently secured, the tax exemption can still be enjoyed for up to one year from the date of issuance of the provisional certificate.

  This is an attractive proposition to encourage more of the international shipping enterprises to register their operating ships with the SRS.
- The extension of the withholding tax exemption in respect of payments made for qualifying financial arrangements to non-Singapore tax residents would help ship owners to source for competitive financing arrangements for the acquisition of their operating assets.

Finance and Treasury Centre Scheme

Current

The Finance and Treasury Centre ("FTC") scheme grants a concessionary tax rate of 8% on qualifying income derived by approved FTCs from qualifying activities or services. To qualify for the concessionary tax rate, approved FTCs are required to use only funds from qualifying sources as prescribed in the Income Tax (Concessionary Rate of Tax for Approved Finance and Treasury Centre) Regulations.

The scheme is scheduled to lapse after 31 March 2021.

Proposed changes

- To continue encouraging finance and treasury activities in Singapore, the FTC scheme will be extended till 31 December 2026.
- The following enhancements, to take effect from 19 February 2020, are made to the scheme:
  - The list of qualifying sources of funds will be expanded to include funds raised via convertible debt issued on or after 19 February 2020.
  - The list of qualifying FTC activities will be expanded to include transacting or investing into private equity or venture capital funds that are not structured as companies. Income derived on or after 19 February 2020 by approved FTCs from this activity will qualify for the concessionary tax rate.

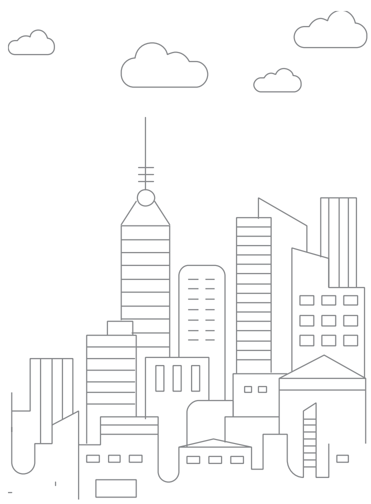
Effective date

- The FTC scheme has been extended to 31 December 2026.
- The enhancements to the scheme will take effect from 19 February 2020.

Comments

- Currently, funds used by approved FTC for carrying out the activities are obtained from:
  a) any financial institution in Singapore;
  b) its paid-up capital;
  c) its accumulated profits derived from approved qualifying activities and qualifying services;
  d) its approved offices and associated companies (with certain exclusions);
  e) the issuance of any bond, note, debenture or other debt security that is not beneficially held or funded, directly or indirectly, at any time during the life of the issue by any office or associated company of the approved FTC that is not an approved network company;
  f) any bank outside Singapore; or
  g) any non-bank financial institution outside Singapore that is not its office or associated company.

  The inclusion of funds raised via convertible debts as a qualifying source of funds would increase the liquidity available to FTCs to carry out their activities.
- The pool of private equity and venture capital managers in Singapore has grown. The expansion of the qualifying FTC activities to include transacting or investing into private equity or venture capital funds will further attract and encourage more global private equity players to deepen their presence in Singapore. This further strengthens Singapore's position as a financial hub.



Global Trader Programme

Current

- The Global Trader Programme ("GTP") grants a concessionary tax rate of 5% or 10% on income derived by approved global trading companies from qualifying transactions.

  Approved global trading companies enjoy a concessionary tax rate of 5% on their income from qualifying transactions in liquefied natural gas ("LNG"), regardless of whether a concessionary tax rate of 5% or 10% applies to their income from qualifying transactions in other GTP-qualifying commodities.

  The GTP is scheduled to lapse after 31 March 2021.

- The GTP (Structured Commodity Financing) ("GTP(SCF)") grants a concessionary tax rate of 5% or 10% on qualifying income derived by approved GTP(SCF) companies.

  The GTP(SCF) is scheduled to lapse after 31 March 2021.

Proposed changes

- To further strengthen Singapore's position as a global trading hub and to encourage more structured commodity financing ("SCF") activities to be done in Singapore, the GTP will be extended till 31 December 2026.

- The following changes will be made to the GTP:
  a) The qualifying activities of GTP (SCF) will be subsumed under GTP with effect from 19 February 2020.

  b) The GTP(SCF) will lapse after 31 March 2021.

  c) The concessionary tax rate of 5% on income from qualifying transactions in LNG will lapse after 31 March 2021. With the lapsing of this concession, LNG will be treated no differently from other GTP-qualifying commodities under the GTP.

  For (b), existing recipients of GTP(SCF) awards can continue to enjoy the tax concession under the GTP(SCF) till the expiry of their awards, if the conditions for approval of their awards continue to be met.

  For (c), existing recipients of GTP awards can continue to enjoy the concessionary tax rate of 5% on income from qualifying transactions in LNG till the expiry of their awards, if the conditions for approval of their awards continue to be met.

- Enterprise Singapore will provide further details of the changes by May 2020.

Effective date

- The GTP has been extended till 31 December 2026.

- The GTP (SCF) and the concessionary tax rate of 5% on income from qualifying LNG transactions will lapse after 31 March 2021.

Comments

- The extension of the GTP for a further 5 years is a welcomed move as the Programme clearly attracts large leading players to set up their international trading base in Singapore. This contributes to the expansion of the Singapore economy in part, through the hiring of qualified manpower, utilising the distribution and logistics network and promoting the greater use of our banking facilities and financial services.

- The Government is encouraging more of the structured commodity financing activities to be conducted out of Singapore. This is a step in the right direction since such activities are very much a part of international commodity trading.

  It therefore makes sense for such activities to be subsumed under GTP. It remains to be seen whether Enterprise Singapore will impose additional conditions for GTP applicants going forward, particularly in the area of structured commodity financing.

Venture Capital Funds and Venture Capital Fund Management Companies

Current

Venture capital funds that are approved under Section 13H of the ITA enjoy tax exemption on the following income ("Section 13H Scheme"):

- Divestment gains from qualifying investments;
- Dividend income from foreign companies; and
- Interest income arising from foreign convertible loan stock.

Approved venture capital fund management companies managing approved venture capital funds are granted a concessionary tax rate of 5% under Section 43ZG of the ITA on the income derived from managing an approved venture capital fund ("Fund Management Incentive").

Both incentives are scheduled to lapse after 31 March 2020.

Proposed changes

To continue encouraging venture capital funding for Singapore-based companies, the Section 13H scheme and Fund Management Incentive will be extended till 31 December 2025.

In addition, the key refinements to the incentives are as follows:

- Section 13H scheme

  a) The list of investments and income incentivised under the Section 13H scheme will be expanded to include relevant items of the Specified Income – Designated Investments list applicable for fund incentives[5].

  b) Apart from companies incorporated in Singapore and partnerships, the Section 13H incentive may be granted to venture capital funds which are constituted as foreign-incorporated companies or Singapore Variable Capital Companies.

  c) The statutory sub-limit imposing a maximum tenure of 10 years for the first tranche of the tax exemption will be removed, while the 15-year cap on the overall tenure of the tax exemption status remains. This means that the tax exemption may be awarded for the fund life of the venture capital fund, up to a total tenure of 15 years.

  d) Approved venture capital funds will be allowed, by way of remission, to claim GST incurred on their expenses at a fixed recovery rate to be determined for the industry.

- Fund Management Incentive

  Statutory limitations on the total incentive tenure allowed for each venture capital fund management company will be removed. Instead, each Fund Management Incentive award for the fund manager will be set at a maximum tenure of 5 years and can be renewed subject to conditions.

Enterprise Singapore will provide further details of the changes by May 2020.

Effective date

- Both incentive schemes will be extended till 31 December 2025
- The refinements proposed will take effect from 1 April 2020.

Comments

- Currently Section 13H funds enjoy tax exemption on dividends and gains derived from certain approved investments and interest income from approved convertible loan stock of foreign companies. With the expansion of the scope of qualifying income to include relevant items of the "specified income" derived from "designated investments" applicable for fund incentives under Sections 13CA, 13R and 13X of the ITA, it provides flexibility for venture capital funds to invest in a much wider range of investments and financial instruments.

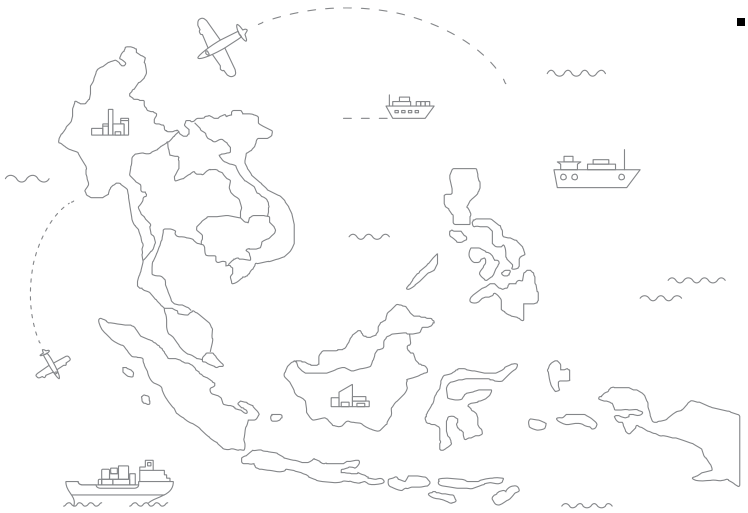
[5] Under Sections 13CA, 13R and 13X of the ITA.

- The removal of the statutory sub-limit imposing a maximum tenure of 10 years for the first tranche of the tax exemption is very much welcomed as the incubation period for start-ups may well stretch beyond the initial 10-year period. This avoids the need for the fund to apply for an extension of the incentive period beyond 10 years.

- The overall cap to the total tenure of the life of the fund however remains at 15 years. This still pales in comparison to the Section 13R and Section 13X fund incentives which are for the life of the approved funds.

- The refinement to allow venture capital funds to claim GST input taxes on their expenses at a fixed recovery rate by way of remission helps to reduce operating cost of setting up or domiciling the funds in Singapore.

- With the removal of the maximum incentive period for venture capital fund management company, it would appear that the tax incentive grant to such company no longer needs to be tied to a specific Section 13H fund that it is managing. Each fund management incentive will be awarded for a duration of 5 years which can be renewed subject to meeting conditions.



Land Intensification Allowance Scheme

Current

The objective of the Land Intensification Allowance ("LIA") scheme is to encourage the intensification of industrial land.

Under the LIA, an initial allowance of 25% of the qualifying capital expenditure incurred on the construction or renovation/extension of an approved LIA building will be granted in the YA relating to the basis period during which the capital expenditure is incurred.

Upon issuance of the Temporary Occupation Permit ("TOP") for the completed LIA building, annual allowance of 5% of the qualifying capital expenditure incurred will be granted, subject to all the qualifying conditions being met.

The scheme is scheduled to lapse after 30 June 2020.

Proposed changes

The objective of the LIA scheme remains relevant given the scarcity of land in Singapore.

The LIA scheme will be extended till 31 December 2025. This refers to the last date a building or structure may be approved for LIA.

Effective date

The LIA scheme will be extended till 31 December 2025.

Comments

- It makes sense to extend the LIA scheme as a number of countries do provide some kind of tax allowance or write off deduction in respect of qualifying industrial buildings.

GOODS AND SERVICES TAX

Proposed GST Rate Increase

Current

The prevailing GST rate is 7%.

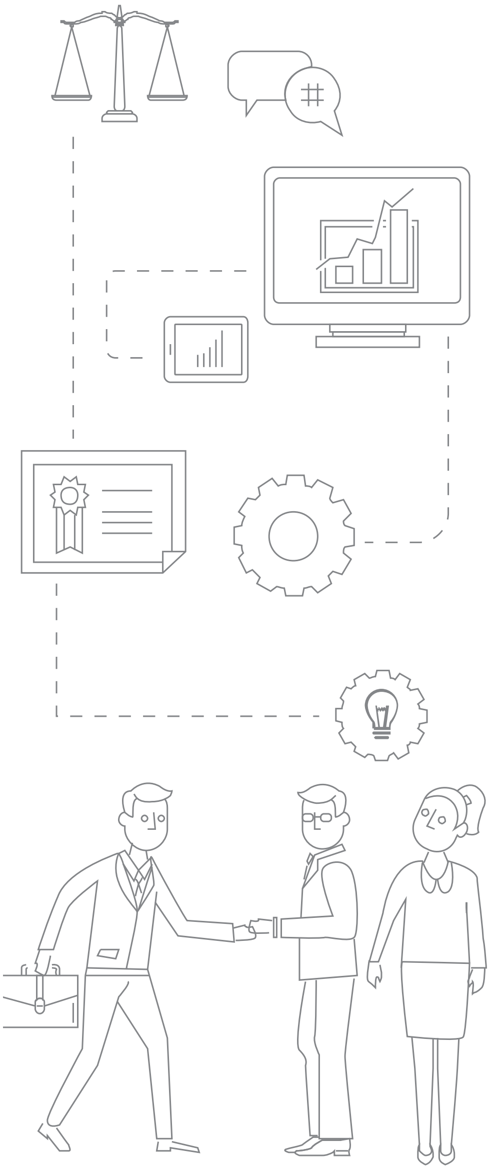
In the Minister's 2018 Budget Speech, the Government announced that it plans to raise GST by two percentage points from 7% to 9%. It was indicated at that time that the GST increase will take place sometime from 2021 to 2025.

Proposed changes

After reviewing Government revenue and expenditure projections, and considering the current state of the economy, the GST rate increase will not take effect in 2021, i.e. the GST rate will remain at 7% in 2021. However the Government is still targeting to make this two percentage point increase sometime during 2022 to 2025.

Comments

- The heads-up given by the Government provides GST registered traders sufficient time to re-look and update their accounting systems in order to cater for the GST rate increase in future.



PERSONAL INCOME TAX

Personal Income Tax Rates

Current

For Singapore tax residents, the income tax rates currently range from 0% for the first $20,000 of chargeable income to 22% for chargeable income in excess of $320,000.

Comments

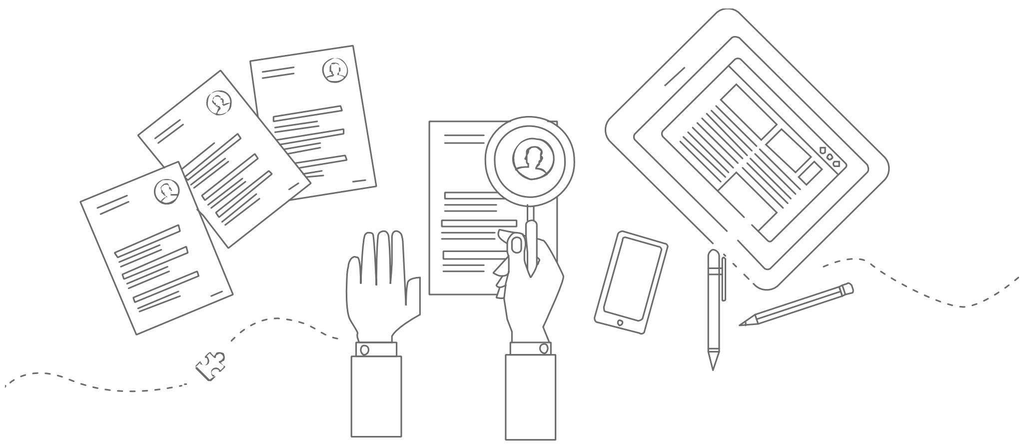
No changes were announced on the personal income tax rates.

The personal income tax rates for YA 2020 are reflected in the Table below.

Personal Income Tax Rates for Year of Assessment 2020			
	Chargeable Income $	**Tax Rate %**	**Tax Payable $**
On the first	20,000	0	0
On the next	10,000	2.0	200
On the first	30,000		200
On the next	10,000	3.5	350
On the first	40,000		550
On the next	40,000	7.0	2,800
On the first	80,000		3,350
On the next	40,000	11.5	4,600
On the first	120,000		7,950
On the next	40,000	15.0	6,000
On the first	160,000		13,950
On the next	40,000	18.0	7,200
On the first	200,000		21,150
On the next	40,000	19.0	7,600
On the first	240,000		28,750
On the next	40,000	19.5	7,800
On the first	280,000		36,550
On the next	40,000	20.0	8,000
On the first	320,000		44,550
In excess of	320,000	22.0	

Withholding Tax Exemptions for Non-resident Mediators and Arbitrators

Withholding tax exemptions	Current	Proposed changes
▪ Withholding tax exemptions for non-resident mediators ▪ Withholding tax exemptions for non-resident arbitrators	Non-resident professionals are subject to withholding tax at a rate of 15% on gross income from the profession; or they may elect to be taxed at 22% on net income. As a concession, income derived by non-resident mediators/arbitrators from mediation/arbitration work carried out in Singapore is exempt from tax, subject to conditions. This exemption is scheduled to lapse after 31 March 2020.	The withholding tax exemption will be extended till 31 March 2022.



MISCELLANEOUS

Enterprise Financing Scheme – SME Working Capital Loan

Current

The SME Working Capital Loan was introduced in 2016 to help SMEs access financing for their working capital needs.

Since October 2019, the SME Working Capital Loan has been subsumed under the Enterprise Financing Scheme.

Proposed changes

The Enterprise Financing Scheme-SME Working Capital Loan ("EFS-WCL"), which is available to SMEs across all industries, will be enhanced as follows to help SMEs with their working capital needs:

- The maximum loan quantum will be raised from $300,000 to $600,000.
- The Government's risk-share will be increased up to 80% (from the current 50% to 70%) for SMEs borrowing from Participating Financial Institutions under the scheme.

Effective date

The enhanced EFS-WCL will start in March 2020 and is available for one year till March 2021.

Comments

- With the increase in the Government's risk-share percentage of up to 80%, it is hoped that more Participating Financial Institutions will be willing to advance working capital loans to SMEs to fulfil their needs.

Jobs Support Scheme

The Jobs Support Scheme is a temporary scheme for 2020. It aims to help enterprises retain their local employees during this period of uncertainty. All active employers, except Government organisations (local and foreign) and representative offices, are eligible for the Scheme.

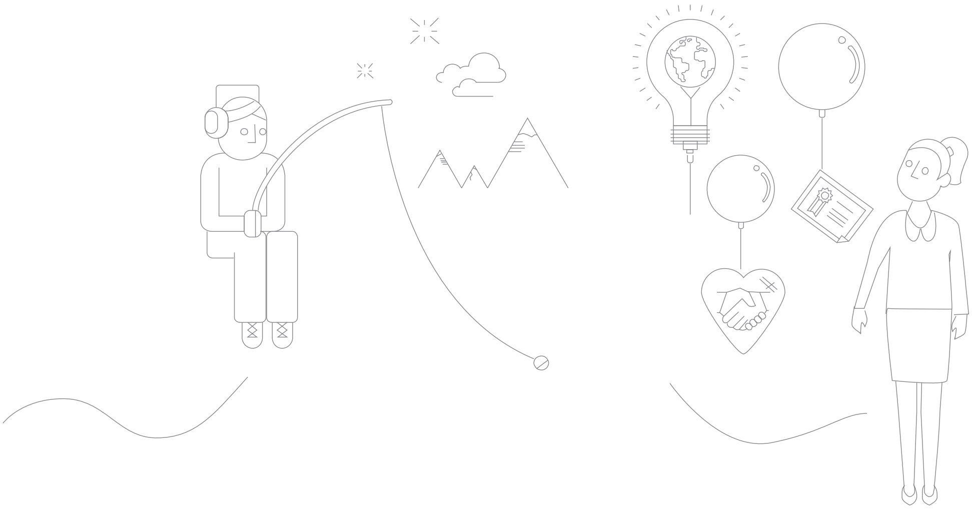
Employers will receive an 8% cash grant on the gross monthly wages of each local employee (applicable to Singapore Citizens and Permanent Residents only) on their CPF payroll for the months of October 2019 to December 2019, subject to a monthly wage cap of $3,600 per employee.

Wages paid to business owners will not be eligible for the grant.

Employers do not need to apply for the Jobs Support Scheme grant. The grant will be computed based on CPF contribution data. Employers can expect to receive the grant payment from IRAS by 31 July 2020.

Illustration of Jobs Support Scheme Computation

	October 2019 $	November 2019 $	December 2019 $	Total $
Wages paid to local employee (excluding employer CPF)	3,000	3,500	4,000	10,500
Qualifying wage (capped at $3,600)	3,000	3,500	3,600	10,100
Jobs Support payout to employer (8% of qualifying wage)	240	280	288	808



Wage Credit Scheme

The Wage Credit Scheme ("WCS") supports enterprises embanking on transformation efforts and encourages employers to share productivity gains with workers, by co-funding wage increases.

Details of the existing WCS were announced in Budget 2018.

In Budget 2020, further enhancements were announced. The level of co-funding wage percentage and the gross monthly wage ceiling have been increased.

The changes announced in Budget 2018 and those in Budget 2020 are summarised in the Table below.

Scheme	Existing WCS (As announced in Budget 2018)	Enhanced WCS (As announced in Budget 2020)
Qualifying years	▪ 2018, 2019, 2020	▪ 2019, 2020
Level of co-funding	▪ 20% of qualifying wage increases in 2018 ▪ 15% of qualifying wage increases in 2019 ▪ 10% of qualifying wage increases in 2020	▪ **20%** of qualifying wage increases in 2019 ▪ **15%** of qualifying wage increases in 2020
Gross monthly wage ceiling	▪ $4,000	▪ **$5,000**
Qualifying wage increases	▪ Increases in gross monthly wage of at least $50 given to Singaporean employees in the qualifying year, up to a gross monthly wage level of $4,000, will be co-funded. ▪ In addition, increases in gross monthly wage of at least $50 given in 2017, 2018 and 2019 up to a gross monthly wage level of $4,000, and sustained in subsequent years of the scheme, will be co-funded.	▪ Increases in gross monthly wage of at least $50 given to Singaporean employees in the qualifying year, up to a gross monthly wage level of **$5,000,** will be co-funded. ▪ In addition, increases in gross monthly wage of at least $50 given in 2017, 2018 and 2019 up to a gross monthly wage level of $5,000, and sustained in subsequent years of the scheme, will be co-funded.
Others	▪ Employers do not need to apply for WCS. ▪ In addition to the existing payout received in the month of March after the qualifying year, employers will receive a separate supplementary payout in the second half of 2020 arising from the Budget 2020 enhancements.	

Market Readiness Assistance

Market Readiness Assistance ("MRA") is a broad-based enterprise grant scheme that provides support to companies taking their first steps overseas. It supports pre-scoped activities to help SMEs set up overseas, identify business partners and promote their products and services.

To accelerate the internationalisation efforts of SMEs, MRA will be enhanced to:

- Expand the scope of supportable activities to include:
  - Free Trade Agreement ("FTA") consultancy services to support companies in better leveraging FTAs; and
  - in-market business development.
- Increase the grant cap from $20,000 per year to $100,000 per new market per company over the enhancement period of financial years 2020 to 2022.
- Extend 70% support level for another three years until 31 March 2023.

SkillsFuture Enterprise Credit

The SkillsFuture Enterprise Credit ("SFEC") encourages employers to undertake enterprise and workforce transformation initiatives in tandem.

- Eligible employers will receive a one-off $10,000 credit to cover up to 90% of out-of-pocket expenses for supportable enterprise capability development and workforce transformation programmes.
- To encourage employers to undertake workforce transformation to reskill and upskill their workers, $3,000 of the SFEC will be reserved for workforce transformation programmes.
- Employers have four qualifying windows (end June, September and December 2020 and end March 2021) until 31 March 2021 to qualify for SFEC.

SkillsFuture Mid-Career Support Package

The new SkillsFuture Mid-Career Support Package aims to create more career transition opportunities for locals in their 40s to 50s, by helping them to remain employable and be able to access good jobs.

The new hiring incentive aims to encourage more employers to step up efforts to recruit, retrain and retain mature workers.

Employers who hire new local workers aged 40 and above through select reskilling programmes can receive 20% salary support for six months, capped at $6,000 in total.

Dependency Ratio Ceiling and Foreign Worker Levy

- Reduction in Dependency Ratio Ceiling ("DRC")

  The S Pass sub-DRC will be reduced[6] for the Construction, Process and Marine Shipyard sectors.

Sector	Current	Changes
DRC		
Services	38%	To be reduced to 35% on 1 January 2021 as announced at Budget 2019
Manufacturing	60%	No change
Construction	87.5%	No change
Process	87.5%	No change
Marine Shipyard	77.8%	No change
S Pass sub-DRC		
Services	13%	To be reduced to 10% on 1 January 2021 as announced at Budget 2019
Manufacturing	20%	To be considered for reduction in future
Construction	20%	To be reduced to 18% on 1 January 2021 and to 15% on 1 January 2023
Process		
Marine Shipyard		

- Foreign Worker Levy

  Foreign Worker Levy ("FWL") rates will remain unchanged for all sectors. The earlier announced FWL increases for the Marine Shipyard and Process sectors will be deferred for another year.

Sector / Pass Types	Tier	DRC	Levy Rates (R1/R2) -$		
			1 July 2019	1 July 2020	1 July 2021
S-Pass	Basic Tier	≤ 10%	330	330	To be announced in 2021
	Tier 2	10-20%	650	650	
Construction Work Permit Holder ("WPH")	Basic Tier	≤ 87.5%	300/700	300/700	300/700
	Man-Year Entitlement (MYE)-Waiver		600/950	600/950	600/950
Services WPH	Basic Tier	≤ 10%	300/450	300/450	To be announced in 2021
	Tier 2	10-25%	400/600	400/600	
	Tier 3	25-38%	600/800	600/800	
Marine Shipyard WPH	Basic Tier	≤ 77.8%	300/400	300/400	
Process WPH	Basic Tier	≤ 87.5%	300/450	300/450	
	MYE-Waiver		600/750	600/750	
Manufacturing WPH	Basic Tier	≤ 25%	250/370	250/370	
	Tier 2	25-50%	350/470	350/470	
	Tier 3	50-60%	550/650	550/650	

[6] When a DRC or a sub-DRC cut is implemented, firms will not be able to renew work passes of foreign workers that have exceeded the revised DRC or sub-DRC. However, for the foreign workers above the DRC/sub-DRC limits, firms can retain them until their work passes expire to avoid disrupting existing operations.

Lapse of Tax Deduction and Incentive Schemes

Tax deduction and incentive schemes	Current	Proposed changes
Further tax deduction scheme for research and development ("R&D") expenditure under Section 14E of the ITA	▪ The Section 14E incentive provides a further tax deduction for R&D expenditure incurred on approved R&D projects conducted in Singapore either by the business itself or by an R&D organisation on its behalf. Deduction under Section 14E is subject to a cap of 200% after including other deductions for the same R&D expenditure under the ITA. ▪ The Section 14E incentive is scheduled to lapse after 31 March 2020.	▪ The Section 14E incentive will lapse after 31 March 2020. ▪ Over the years, the Government has enhanced the broad-based tax deductions for R&D conducted in Singapore. These broad-based tax deductions are available for all businesses without a need for approval. With the previous enhancement in Budget 2018, businesses conducting qualifying R&D projects in Singapore can enjoy up to 250% tax deduction on qualifying expenses from YA 2019 to YA 2025. Businesses can also benefit from various non-tax schemes for R&D and innovation. For instance, the Research Incentive Scheme for Companies ("RISC"), administered by the Economic Development Board, co-funds qualifying R&D costs incurred by eligible companies. Businesses can also access A*STAR's laboratories advanced manufacturing equipment via Tech Access, benefit from technology consultancy and testing services in Centres of Innovation, and obtain technical advisory through GET-Up. ▪ Existing Section 14E incentive recipients can continue to enjoy the further tax deduction under Section 14E incentive till their awards expire.

Tax deduction and incentive schemes	Current	Proposed changes
Concessionary withholding tax rate for non-resident public entertainers ("NRPEs")	▪ NRPEs are subject to withholding tax at a rate of 15% on gross income in respect of services performed in Singapore. As a concession, the withholding tax rate of 15% is reduced to 10%. ▪ This concession is scheduled to lapse after 31 March 2020.	▪ The concessionary withholding tax rate for NRPEs was introduced in 2010 to kick-start Singapore's push to being a vibrant global city. Over the years, the local sports and entertainment scenes have developed significantly and Government schemes have been introduced to promote the sector. ▪ The concessionary withholding tax rate of 10% will be extended till 31 March 2022. It will then lapse after 31 March 2022.
Angel Investors Tax Deduction ("AITD") scheme	▪ The AITD scheme was introduced in Budget 2010 to stimulate angel investments into Singapore-based startups. Under the scheme, an approved angel investor is granted a tax deduction of 50% of the cost of his qualifying investments, subject to conditions. ▪ The scheme is scheduled to lapse after 31 March 2020.	▪ The AITD scheme will lapse after 31 March 2020. This is to maintain the resilience and progressivity of the tax system. ▪ With the lapsing of AITD, Singapore-based startups can access funding through other Government schemes such as the Startup SG programme (which provides holistic support for startups through co-investments, loans, proof-of-concept grants, mentorship and physical space). ▪ Angel investors, whose approved angel investor status commences on or before 31 March 2020 can continue to be granted the tax deduction under the AITD scheme in respect of qualifying investments made during the period of his approved angel investor status, subject to existing conditions of the AITD scheme. ▪ Enterprise Singapore will provide further details of the transitional arrangement for approved angel investors by end-March 2020.

ABBREVIATIONS

CPF	Central Provident Fund
FY	Financial year
GST	Goods and Services Tax
IRAS	Inland Revenue Authority of Singapore
ITA	Income Tax Act
P&M	Plant and Machinery
SMEs	Small and Medium-sized Enterprises
YA	Year of Assessment

TAX SERVICES

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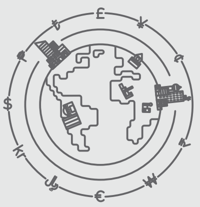
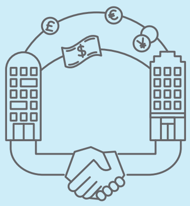


- Cross-border Tax Structuring and Planning
- Divestments and Group Rationalisation
- Funds Planning and Structuring
- Variable Capital Companies Structures
- Tax Investigation, Audit and Due Diligence
- Tax Incentive and Advance Tax Ruling Applications
- Private Client / Family Wealth Tax Advisory Services
- Corporate Income Tax Compliance Services
- Personal Income Tax Compliance and Global Mobility Services

Goods & Services Tax

- Assisted Compliance Assurance Programme Review ("ACAP")
- Assisted Self-help Kit Review ("ASK")
- GST Health Check
- GST Guidebook and Tax Code Analysis
- Due Diligence Review for Mergers and Acquisitions and IPO
- GST Scheme Certifications (i.e. MES, ACMT, IGDS, AISS, AFMT, ARCS)
- GST Consulting and Advisory
- GST Analytics

Transfer Pricing



- Transfer Pricing Documentation
- CbCR
- Strategy and Policy Development
- Transfer Pricing Planning and Tax-efficient Value Chain Transformation
- Risk Assessment and Controversy Management
- Due Diligence for Potential Acquisitions
- Transfer Pricing Audit Defences
- Advanced Pricing Arrangements and Rulings

CONTACTS

Koh Puay Hoon
Partner & Head of Tax
+65 6594 7820
phkoh@RSMSingapore.sg

Cindy Lim
Partner
+65 6594 7852
cindylim@RSMSingapore.sg

William Chua
Partner
+65 6594 7860
williamchua@RSMSingapore.sg

Hsu Chong Hoe
Director & Head of Tax Advisory
+65 6594 7861
hsuchonghoe@RSMSingapore.sg

Ivy Chiong
Director
+65 6594 7856
ivychiong@RSMSingapore.sg

Wang Chai Hong
Director
+65 6594 7306
chwang@RSMSingapore.sg

Ruby Tan
Director
+65 6594 7819
rubytan@RSMSingapore.sg

Chua Hwee Theng
Director
+65 6594 7301
chuahweetheng@RSMSingapore.sg

Kwek Jia Sing
Director
+65 6594 7857
jskwek@RSMSingapore.sg

Richard Ong
Partner & Head of GST Services
+65 6594 7821
richardong@RSMSingapore.sg

Huang Yanlin
Director
+65 6715 1142
huangyanlin@RSMSingapore.sg

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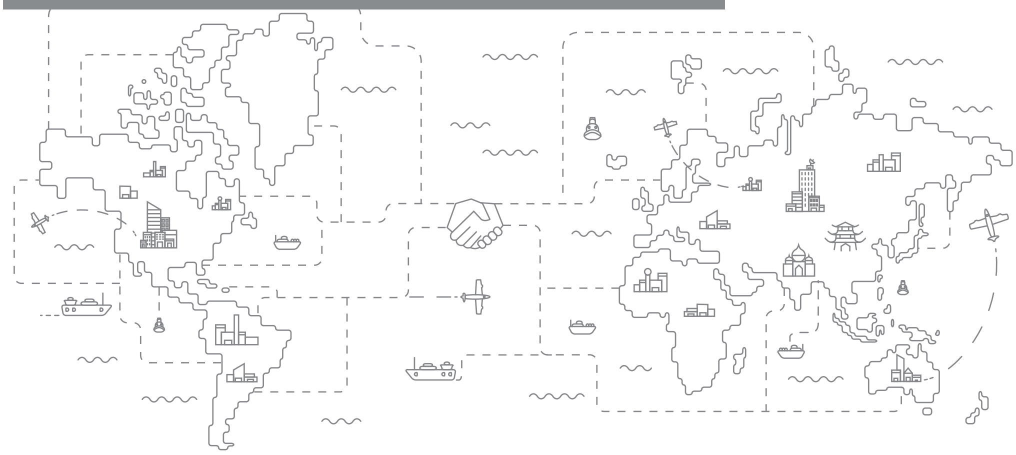

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	Business Consulting • Profit Improvement • Regulatory & Compliance Advisory • Internal Audit & SOX Attestation • Digital Trust Solutions • Risk Consulting
	Restructuring & Forensics • Corporate Restructuring & Insolvency • Individual Insolvency • Crisis Management & Rehabilitation • Litigation Support & Forensics
Business Solutions	• Accounting & Advisory • Contract Staffing & Recruitment • Formation, Compliance & Advisory • Technology Services & Advisory • Payroll Outsourcing & HR Advisory

ONE STOP TO INTERNATIONALISE

Whether you are considering expansion beyond your country or already in multiple locations,

- You want to go to market and grow your business, fast.
- You need the peace of mind to tackle the new market and customers, and not be encumbered by the complex web of regulatory obligations in various jurisdictions.
- You want to minimise business risk and tax exposure in your overseas ventures.

RSM is your first stop for cost-effective internationalisation solutions. We work closely with experts on the ground to ensure that you start right and help you abide as good corporate citizens wherever you are. We can also pre-empt you on considerations that might impact your business and profitability.

Expansion Advisory

In your internationalisation plan, starting with the right structure to meet your business goals is of utmost importance. We are able to assist in the following:

- Advice on tax-effective shareholding and sales structures
- Incorporation of local and offshore companies
- Setting up representative or branch offices
- Application for business licences and work passes
- Facilitation on local accounting, payroll and other business support

Compliance Advisory

Businesses that lack the requisite managerial time and expertise to deal with internationalisation needs may do well to organise their compliance early. We can be your independent compliance partner to give you peace of mind to run your business. This means:

- You save time in not dealing with various professionals in different countries
- You minimise the risk of non-compliance or missed statutory filing requirements
- Your business stays up to date with constant regulatory changes
- Your staff need not learn and relearn the technicalities of doing business in various jurisdictions

Tax Advisory

As an astute businessman, you want to minimise your tax exposure globally, and ensure that all possible incentives and treaty benefits are obtained. Our multidisciplinary experts in corporate tax, international tax planning and transfer pricing can help in:

- Tax planning for cross-border investments and transactions, including considerations on the OECD's proposals regarding Base Erosion and Profit Shifting ("BEPS")
- Transfer pricing advisory and documentation
- Tax planning for expatriates
- Efficient structuring of employment packages

Risk Management & Advisory

Overseas growth prospects may attract risks and other concerns beyond what one may be accustomed to. How can you safeguard the value and reputation of your business when operating overseas? Can you manage and respond to a wider spectrum of business risks? Our Risk Management and Advisory specialists can assist in performing:

- Optimisation of corporate governance structure to improve governance effectiveness
- Deployment of anti-bribery and anti-corruption programmes, including alignment of practices and training to your extended workforce
- Enterprise-wide risk advisory to assess the broader risk environment to deal with more uncertainty and disruption
- Internal control advisory, including review engagements, optimisation, streamlining and alignment initiatives

INDUSTRY SPECIALISATIONS

The hallmark of a good business partner is the ability to understand and identify your needs and goals in your industry. For industry-specific insights and tailored solutions to help tackle your challenges or grow your business, please contact our experts below:

F&B, Retail & Consumer Products

David Eu
+65 6715 1338
davideu@RSMSingapore.sg

NPO Practice / Healthcare

Woo E-Sah
+65 6594 7843
eswoo@RSMSingapore.sg

Logistics & Transportation

Lee Mong Sheong
+65 6594 7865
leemongsheong@RSMSingapore.sg

Private Equity Group

Terence Ang
+65 6594 7862
terenceang@RSMSingapore.sg

Technology, Media & Telecommunications

Adrian Tan
+65 6594 7876
adriantan@RSMSingapore.sg

China Practice / Energy & Commodities

Chan Weng Keen
+65 6594 7864
chanwengkeen@RSMSingapore.sg

Japan Desk

Hiroshi Ikuzawa
+65 6594 7841
hiroshiikuzawa@RSMSingapore.sg

Financial Services

Chow Khen Seng
+65 6715 1388
chowkhenseng@RSMSingapore.sg

Industrial Manufacturing

Chong Cheng Yuan
+65 6594 7808
chongchengyuan@RSMSingapore.sg

Real Estate & Construction

Derek How
+65 6594 7885
derekhow@RSMSingapore.sg

Professional & Business Services

Lock Chee Wee
+65 6715 1188
lockcheewee@RSMSingapore.sg

Private Client Services

Tay Woon Teck
+65 6594 7803
wttay@RSMSingapore.sg

ASEAN Desk

Maureen Low
+65 6594 7817
maureenlow@RSMSingapore.sg

www.RSMSingapore.sg

8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095
T +65 6533 7600 **F** +65 6594 7822

Tax
Tax@RSMSingapore.sg

Audit
Audit@RSMSingapore.sg

Other Services
MKTG@RSMSingapore.sg