The Growth Strategist For Asia

Singapore Budget 2024 Commentary

Building Our Shared Future Together

CLA Global TS Holdings Pte. Ltd.

February 2024

Contents

Foreword

Building Our Shared Future Together

Ever since attaining independence in 1965, the country has invested much to make herself an attractive environment for (multinational) businesses and in creating a social compact that has enabled her citizens to enjoy political stability, high living standards, a reliable social safety net and the ability to see through retirement with relative comfort and dignity.

However, Singapore would know better that it cannot be resting on her laurels as her trajectory of growth and prosperity is increasingly being threatened by constant macroeconomic headwinds and global crises that have unfolded in recent times. In addition, her social compact is now being stretched in unprecedented ways due to a lower mortality rate and a persistent declining birth rate.

To ensure that the country sustains its competitiveness so that it can continue to attain productive growth and consequently deliver employment and income growth, along with welfare in the form of affordable education and healthcare, amongst others, Singapore has to remain a choice jurisdiction for enterprising businesses / investors to start new businesses, manufacturing plants and expand existing ones to sell their services and goods at competitive prices worldwide.

Initiatives targeted at boosting competitiveness were announced in Budget 2024 – A new refundable investment credit has been introduced to attract quality investments to Singapore. This will encourage companies to make sizable investments that bring substantive economic benefits to Singapore. The credits will be given out based on qualifying expenditures incurred by a company for a qualifying project over a period of 10 years. The Government has also announced top-ups of $6 billion to existing development funds to improve and extend its lead in various relevant sectors in Singapore (eg. Financial Sector Development Fund, Research & Development and AI compute, talent and industry development).

Extension of existing schemes to address ongoing climate change issues such as the Enterprise Financing Scheme – Green, and the Energy Efficiency Grant were also announced, coupled with an expansion of coverage to spur more companies to adopt green or energy efficient solutions. A Future Energy Fund will be set up with an initial injection of S$5 billion to start off Singapore's transition to cleaner fuel sources.

For global investors, Budget 2024 provided certainty on when Singapore will implement the Income Inclusion Rule ("IIR") and Domestic Top-Up Tax ("DTT") and their impact on the competitiveness of multinational companies here. The IIR and DTT are part of the Base Erosion and Profit Shifting 2.0 Pillar 2 Scheme that seeks to implement a global minimum corporate tax of 15 percent on large multinational companies from 2025.

Budget 2024 is also a worker-centric one. Labour policy initiatives were announced to address cost-of-living relief measures as well as to boost workforce productivity, with further incentives deployed to encourage individuals to equip themselves with knowledge and skills in the areas of digitalization, AI, and the green transition. This includes a top up of skills future credits of S$4,000 to Singaporeans above 40 to be utilized for selected training programmes with better employability outcomes. This should invariably lead to a more employable workforce that would mean that more people will be able to make a decent living to manage their household budgets on their own, but also to boost the availability of skilled labour – which is a critical element of competitiveness.

All in all, Budget 2024 was unveiled on 16 February 2024 as a mission statement for the current Government in power – to future proof the country by confidently confronting the global and local macroeconomic challenges we face today and in the foreseeable future.

Key Tax Highlights - Quick Takeaways

Corporate Tax - Pillar Two

Moving Ahead with Pillar Two

For businesses' financial years beginning on or after 1 January 2025, Singapore will implement two components of **Pillar Two for large multinational enterprise ("MNE") groups**, with annual group revenue of at least 750 million euros:-

- The **Income Inclusion Rule ("IIR")**, which will apply to MNE groups parented in Singapore, will impose a **minimum effective tax rate of 15% on their overseas profits.**
- The **Domestic Top-up Tax ("DTT")**, which will apply to MNE groups parented overseas and operating in Singapore, will **top up the effective tax rate on their Singapore profits to 15%**.

With the need to focus on the implementation of the IIR and DTT, the third (and final) component, the Under Taxed Profits Rule, will be considered at a later stage.

Comments

Although Singapore's headline corporate tax rate is 17%, many affected MNEs operating in Singapore pay corporate income tax at less than 15% due to a myriad of tax deductions and tax incentives. With the DTT, these MNEs can expect to pay significantly more income tax which might lead to MNEs shifting their business activities elsewhere in response.

To continue attracting investments and to counteract against the effects of Pillar Two for affected MNEs, the Government is expected to shift towards non-tax incentives. As a start, Budget 2024 has introduced the **Refundable Investment Credit.**

With the additional tax revenues expected to be collected in the short term, hopefully, many other businesses in Singapore might benefit from the Government's commitment to redirect these additional revenues to initiatives that will continue to keep Singapore competitive.

Visuals designed by pch.vector / Freepik.

Corporate Tax - Refundable Investment Credit (“RIC”)

Refundable Investment Credit (“RIC”)

To enhance Singapore’s attractiveness for investments, a Refundable Investment Credit (RIC) scheme is proposed to encourage companies to set up substantive and high value economic activities in Singapore.

The RIC works as a **tax credit with a refundable cash feature** which may be utilised to offset corporate income tax payable or be refunded in cash within four years from when the company satisfies the conditions for receiving the credit.

The RIC is **awarded on qualifying expenditures incurred** by the company in respect of a qualifying project, during the qualifying period. Each RIC award will have a qualifying period of up to 10 years. The RIC is awarded on a case-by-case basis by the EDB and Enterprise Singapore.

Examples of activities include:

a. Investing in new productive capacity (e.g., new manufacturing plant, production of low-carbon energy);
b. Expanding or establishing the scope of activities in digital services, professional services, and supply chain management;
c. Expanding or establishing headquarter activities, or Centres of Excellence;
d. Setting up or expansion of activities by commodity trading firms;
e. Carrying out R&D and innovation activities; and
f. Implementing solutions with decarbonisation objectives.

Depending on the type of projects, qualifying expenditure categories may include capital expenditure, manpower and training costs. Companies can receive up to 50 per cent of support on each qualifying expenditure category.

Comments

Companies should assess the usefulness / merits of the RIC vis-à-vis their business profiles and commercial requirements. It should be noted that the current broad policy objective remains. In other words, there should not be any double-incentivising any of the current mentioned qualifying activity / project. To this end, it should be expected that any deductions and / or allowances that businesses may typically be entitled to claim would have to consider the effect of the RIC.

For example, if a qualifying equipment is granted RIC (assuming 50% of the costs incurred are subject to RIC), businesses can only claim the remaining cost as capital allowances.

Visuals designed by pch.vector / Freepik.

Corporate Tax - Income Tax Rebate

YA 2024 Corporate Income Tax ("CIT") Rebate and CIT Rebate Cash Grant

- All companies will enjoy **CIT Rebate of 50%** of tax payable for YA 2024, **capped at S$40,000**.
- Non-taxable **CIT Rebate Cash Grant of S$2,000** for all companies with one local employee in 2023. To qualify for the CIT Rebate Cash Grant, a company must have made CPF contributions to at least one local (Singapore Citizen or Permanent Resident) employee in calendar year 2023, excluding directors who are also shareholders of the company.
- Qualifying companies will automatically receive the CIT Rebate Cash Grant by the third quarter of 2024.
- CIT Rebate, less any CIT Rebate Cash Grant received, will be automatically included in the YA 2024 assessment after the CIT return has been filed.
- Maximum total benefits of CIT Rebate and CIT Rebate Cash Grant is S$40,000.

How can companies maximise the benefits?

To enjoy the full S$40,000 tax rebate, companies must have chargeable income (before partial exemption) of S$573,089, as follows:

	S$
Chargeable income (before partial exemption	573,089
(Less): Partial tax exemption scheme	
75% x S$10,000	(7,500)
50% x S$190,000	(95,000)
Chargeable income (after partial exemption)	470,589
Tax payable @17%	80,000.13
(Less): CIT Rebate (50% x S$80,000.13)*	(40,000.00)
Net Tax Payable	40,000.13

* CIT Rebate capped at S$40,000. Companies that receive the CIT Rebate Cash Grant, will have the CIT Rebate computed net of S$2,000 in their tax assessments.

Visuals designed by pch.vector / Freepik.

Corporate Tax - Renovation & Refurbishment Expenditure

Enhancement of Section 14N deduction for Renovation and Refurbishment ("R&R") expenditure

Current	Enhancement
Designer or professional fees are disallowed for Section 14N deduction.	From YA 2025, qualifying R&R expenditure includes designer or professional fees that do not relate to structural works requiring approval from the Commissioner of Building Control.
Qualifying expenditure capped at S$300,000 for every relevant 3-year period, starting from YA in which R&R costs were first incurred.	Relevant 3-year period to determine the R&R expenditure cap of S$300,000 will be fixed, starting from YA 2025 to YA 2027.
Section 14N deduction to be claimed over 3 YAs, with irrevocable option to claim Section 14N deduction over 1 YA for R&R expenditure incurred during the basis periods for YAs 2021, 2022 and 2024.	Section 14N deduction to be claimed over 3 YAs, with irrevocable option to claim Section 14N deduction over 1 YA for R&R expenditure incurred during the basis period from YA 2025 onwards.

How can companies maximise the benefits?

Businesses can maximise the claim for Section 14N deduction with the transition to a fixed 3-year period from YA 2025.

	YA 2023	YA 2024	YA 2025
Qualifying R&R Costs Incurred	S$100,000	S$80,000	S$150,000
Qualifying R&R Costs allowed Section 14N deduction *(before enhancement)*	S$100,000	S$80,000	S$120,000
Qualifying R&R Costs allowed Section 14N deduction *(with enhancement)*	S$100,000	S$80,000	S$150,000*

* Before the enhancement, the qualifying R&R costs would be restricted to S$120,000 (S$300,000 – S$80,000 – S$100,000) in YA 2025. With the enhancement, the business is allowed full expenditure cap of S$300,000 from YA 2025 to YA 2027. Section 14N deduction is therefore allowed on the full qualifying R&R costs of S$150,000 in YA 2025, and up to S$150,000 for qualifying R&R costs incurred in YAs 2026 and 2027.

Visuals designed by pch.vector / Freepik.

Individual Tax - Personal Income Tax (“PIT”) Rebate

Personal Income Tax (“PIT”) rebate

- For YA 2024, a PIT rebate of 50% of tax payable will be granted to all tax resident individuals.
- The rebate is capped at S$200 per taxpayer.
- The rebate is intended to alleviate the rising cost of living for the individuals and will mainly benefit the middle-income workers. Refer to Illustrations A and B below.

Illustration A - An individual, aged below 55, earning income of **S$36,715**

	S$
Income	36,715
(Less): Personal relief Earned income relief	(1,000)
Chargeable income	35,715
Tax payable on first S$30,000 Tax payable on next S$5,715 @ 3.5%	200.00 200.03
	400.03
(Less): 50% Personal income tax rebate (capped at S$200)	(200.00)
Net tax payable	200.03

Illustration B - An individual, aged below 55, earning income of S$100,000

	S$
Income	100,000
(Less): Personal relief Earned income relief	(1,000)
Chargeable income	99,000
Tax payable on first S$80,000 Tax payable on next S$19,000 @ 11.5%	3,350.00 2,185.03
	5,535.00
(Less): 50% Personal income tax rebate (capped at S$200)	(200.00)
Net tax payable	5,335.00

Comments

Based on the two illustrations above, it is clear that the PIT rebate is targeted to provide higher tax savings to the middle-income earner (i.e. 50% of his initial tax payable, maximizing the rebate) as compared to the higher income earner (i.e. 3.6% of his initial tax payable).

Illustration A also shows that in order for an individual to enjoy the full S$200 tax rebate, he/she must have chargeable income of at least S$35,715 (after deducting all personal reliefs and deductions, where applicable).

Visuals designed by pch.vector / Freepik.

Individual Tax - Dependant-related Reliefs

Raise dependant's or caregiver's income threshold for dependant-related reliefs

- One of the current conditions to claim dependant-related relief[1] is that the annual income of the dependant or caregiver cannot exceed S$4,000.
- In view of rising cost of living and income levels, the annual income threshold will be increased from S$4,000 to S$8,000 with effect from YA 2025. Annual income includes the following:

  a. Taxable income (e.g. trade, employment, rental and SRS withdrawals);
  b. Tax-exempt income (e.g. bank interest, dividends and pensions); and
  c. Foreign sourced income (regardless of whether it has been remitted into Singapore).

Comments

Today, many caregivers such as mothers and grandparents opt to prioritize care-giving for their children and grandchildren over (re)employment, dedicating most or all of their time to their role as caregivers.

It was our hope that the authorities would have recognized that it is common for these caregivers to maintain some level of personal investments to generate passive income (which may exceed the S$8,000 limit) in order to provide additional level of financial support to their families, whilst still being able to perform their roles as primary caregivers.

To this end, we are of the view that it would have been more beneficial if the annual income threshold does not include tax-exempt income.

[1] This includes spouse relief, parent relief, qualifying child relief, working mother's child relief, grandparent caregiver relief and CPF cash top-up relief for top-up to the CPF account of spouse or siblings.

Visuals designed by pch.vector / Freepik.

Annex 1: List of Tax Changes

Tax Changes for Businesses

Providing Support for Companies

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
1	Corporate Income Tax ("CIT") Rebate for the Year of Assessment ("YA") 2024, with a CIT Rebate Cash Grant for eligible companies  	N/A	To help companies manage rising costs, a CIT Rebate of 50% of tax payable will be granted for YA 2024. Companies that have employed at least one local employee in 2023 (referred to as "local employee condition") will receive a minimum benefit of $2,000 in the form of a cash payout (referred to as "CIT Rebate Cash Grant"). Companies that have met the local employee condition will automatically receive the CIT Rebate Cash Grant by 3Q 2024. The CIT Rebate, less any CIT Rebate Cash Grant received, will be automatically incorporated in companies' tax assessments raised after they file their CIT returns for YA 2024. For example, Company A hired two local employees in 2023. It has a CIT assessment of $30,000 for YA 2024. Company A will receive a $2,000 CIT Rebate Cash Grant by 3Q 2024. It will receive another $13,000 [(50% * $30,000) - $2,000] in CIT Rebate in its YA 2024 CIT assessment. The maximum total benefits of CIT Rebate and CIT Rebate Cash Grant that a company may receive is $40,000. A company is considered to have met the local employee condition if it has made CPF contributions to at least one local (i.e., Singapore Citizen or Permanent Resident) employee, excluding shareholders who are also directors of the company, in the calendar year 2023.

Visuals designed by pch.vector / Freepik.

Annex 1: List of Tax Changes

Tax Changes for Businesses

Maintaining a Fair and Competitive Tax System

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
2	Enhance the tax deduction for Renovation or Refurbishment ("R&R") expenditure 	Under section 14N of the Income Tax Act ("ITA"), businesses that incur qualifying R&R expenditure may claim a tax deduction on such expenditure over three consecutive YAs on a straight-line basis, starting from the YA relating to the basis period in which the R&R expenditure was incurred. A deduction cap of $300,000 on qualifying R&R expenditure applies every three years, starting from the YA in which businesses make their first claim.	To ease businesses' compliance burden and improve the relevance of the scheme, MOF will introduce the following enhancements from YA 2025: a. Expand the scope of qualifying expenditure to include designer or professional fees; b. Fix the relevant three-year period for the purpose of computing the R&R expenditure cap, with the first three-year period being from YA 2025 to YA 2027. We will transition all businesses to the fixed relevant three-year period; and c. Allow an option to claim R&R deductions in one YA, subject to the prevailing expenditure cap. IRAS will provide further details by 3Q 2024.
3	Introduce the Refundable Investment Credit ("RIC")	N/A	To enhance Singapore's attractiveness for investments, we will introduce the RIC, which will support up to 50% of qualifying expenditures. The credits are to be offset against CIT payable. Any unutilised tax credits will be refunded to the company as cash within four years from when the company satisfies the conditions for receiving the credits. For more information, please refer to Annex C-1. EDB and EnterpriseSG will also provide further details by 3Q 2024.
4	Implement the Income Inclusion Rule ("IIR") and a Domestic Top-up Tax ("DTT") under Pillar Two of the Base Erosion and Profit Shifting ("BEPS") 2.0 initiative	N/A	Singapore will implement the IIR and a DTT, which will impose a minimum effective tax rate of 15% on businesses' profits from financial years starting on or after 1 January 2025. This will apply to relevant multinational enterprise ("MNE") groups with annual group revenue of 750 million euros or more in at least two of the four preceding financial years (referred to as "in-scope MNE groups"), in line with the Pillar Two Global Anti-Base Erosion ("GloBE") Model Rules. The IIR will apply to in-scope MNE groups that are parented in Singapore, in respect of the profits of their group entities that are operating outside Singapore. The DTT will apply to in-scope MNE groups in respect of the profits of their group entities that are operating in Singapore.

Visuals designed by pch.vector / Freepik.

Annex 1: List of Tax Changes

Tax Changes for Businesses

Maintaining a Fair and Competitive Tax System

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
5	Extend and revise the tax incentive schemes for funds managed by Singapore-based fund managers (referred to as "Qualifying Funds") 	Under sections 13D, 13O and 13U of the ITA, Qualifying Funds are granted the following tax concessions, subject to conditions: a. Tax exemption on specified income derived from designated investments; b. Withholding tax exemption on interest and other qualifying payments made to non-resident persons (excluding permanent establishments in Singapore); and c. GST remission on relevant expenses incurred. The schemes are scheduled to lapse after 31 December 2024.	To continue to grow Singapore's asset and wealth management industry, the schemes will be extended till 31 December 2029. In addition, the following key changes will be made: a. The section 13O scheme will be enhanced to include Limited Partnerships registered in Singapore; and b. The economic criteria for Qualifying Funds under the sections 13D, 13O and 13U schemes will be revised. These key changes will take effect from 1 January 2025. MAS will provide further details by 3Q 2024.
6	Introduce an alternative basis of tax where the qualifying income of shipping entities will be taxed by reference to net tonnage, for the following Maritime Sector Incentive ("MSI") sub-schemes: a. MSI-Shipping Enterprise (Singapore Registry of Ship) ("MSI-SRS") b. MSI-Approved International Shipping Enterprise ("MSI-AIS") c. MSI-Maritime Leasing (Ship) ("MSI-ML (Ship)")	Under the relevant MSI sub-schemes, qualifying income are exempted from tax.	To better align our tax regime for shipping entities with common international practices, an alternative basis of tax where the qualifying income of qualifying shipping entities is taxed by reference to the net tonnage of their ships will be available under the MSI-SRS, MSI-AIS, and MSI-ML(Ship) from YA 2024. The alternative basis of tax will apply to all qualifying ships of MSI entities that are subjected to it. The existing tax treatment under the relevant MSI sub-schemes will continue to apply to MSI entities that are not under the alternative net tonnage basis of tax. MPA will provide further details by 3Q 2024.
7	Introduce an additional concessionary tax rate ("CTR") tier of 10% for the Finance and Treasury Centre ("FTC") incentive	Under the FTC incentive, approved companies are eligible for a CTR of 8% on qualifying income.	As part of our periodic review to ensure that our tax incentives remain relevant and competitive, an additional CTR tier of 10% will be introduced under the FTC incentive with effect from 17 February 2024. EDB will provide further details by 2Q 2024.

Annex 1: List of Tax Changes

Tax Changes for Businesses

Maintaining a Fair and Competitive Tax System

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
8	Introduce an additional CTR tier of 10% for the Aircraft Leasing Scheme ("ALS")	Under the ALS, approved aircraft lessors are eligible for a CTR of 8% on qualifying income.	As part of our periodic review to ensure that our tax incentives remain relevant and competitive, an additional CTR tier of 10% will be introduced under the ALS for approved aircraft lessors with effect from 17 February 2024. EDB will provide further details by 2Q 2024.
9	Introduce an additional CTR tier of 15% for the Development and Expansion Incentive ("DEI")	Under the DEI, approved companies are eligible for CTRs of 5% or 10% on qualifying income.	As part of our periodic review to ensure that our tax incentives remain relevant and competitive, an additional CTR tier of 15% will be introduced under the DEI with effect from 17 February 2024. EDB will provide further details by 2Q 2024.
10	Introduce an additional CTR tier of 15% for the Intellectual Property Development Incentive ("IDI")	Under the IDI, approved companies are eligible for CTRs of 5% or 10% on qualifying income.	As part of our periodic review to ensure that our tax incentives remain relevant and competitive, an additional CTR tier of 15% will be introduced under the IDI with effect from 17 February 2024. EDB will provide further details by 2Q 2024.
11	Introduce an additional CTR tier of 15% for the Global Trader Programme ("GTP")	Under the GTP, approved companies are eligible for CTRs of 5% or 10% on qualifying income.	As part of our periodic review to ensure that our tax incentives remain relevant and competitive, an additional CTR tier of 15% will be introduced under the GTP with effect from 17 February 2024. EnterpriseSG will provide further details by 2Q 2024.

Supporting the Built Environment Sector

12	Revisions to Additional Buyer's Stamp Duty ("ABSD") remission clawback rates for housing developers ("HDs")	Currently, HDs that purchase residential land are subject to 40% [1] ABSD, comprising a (i) 5% non-remittable component; and (ii) 35% upfront remittable component. If a licensed HD that develops five or more residential units fails to sell all their residential units within five years from the date of acquisition of the residential land, the 35% remittable component will be clawed back with interest, regardless of the number of unsold units.	To ensure that the housing supply is released promptly while providing some flexibility for HDs to address the difficulties they may face in selling all units within the prescribed timelines, with effect from 16 February 2024, projects with at least 90% of units sold at the five-year sale timeline will be subjected to a lower ABSD remission clawback rate, if the commencement and completion of works criteria are also fulfilled. This applies for projects where the residential land was acquired on or after 6 July 2018. The ABSD remission clawed back will be reduced by 1 percentage point to 10 percentage points, depending on the proportion of units sold at the five-year mark.

[1] The 40% ABSD (HD) rate applies to purchases of residential land on or after 16 December 2021. For purchases made between 6 July 2018 and 15 December 2021, the applicable ABSD (HD) rate is 30%, comprising a (i) 5% non-remittable component; and (ii) 25% upfront remittable component.

Annex 1: List of Tax Changes

Tax Changes for Individuals

Providing Support for Individuals

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
1	Personal Income Tax ("PIT") Rebate for YA 2024	N/A	In view of cost-of-living concerns, a PIT Rebate of 50% of tax payable will be granted to all tax resident individuals for YA 2024. The rebate will be capped at $200 per taxpayer.
2	Raise dependant's or caregiver's income threshold for dependant-related reliefs to $8,000 	Currently, the annual income of the dependant or caregiver cannot exceed $4,000 in the preceding year if a tax-resident individual wishes to claim the following dependant-related reliefs: a. Spouse Relief; b. Parent Relief; c. Qualifying Child Relief; d. Working Mother's Child Relief; e. CPF Cash Top-up Relief for top-up to the CPF account of spouse or siblings[2]; f. Grandparent Caregiver Relief[3]	To allow more taxpayers who are providing for dependant family members to enjoy these reliefs, while giving family members the flexibility to do some work, the income threshold of $4,000 will be increased to $8,000 with effect from YA 2025.

[2] Annual income of non-handicapped spouse/siblings cannot exceed $4,000 in the year immediately preceding the year of top-up.
[3] Annual income of caregiver only includes those from trade, business, profession, vocation and employment.

Visuals designed by pch.vector / Freepik.

Annex 1: List of Tax Changes

Tax Changes for Individuals

Providing Support for Individuals

<table>
<tr><th>S/N</th><th>Name of Tax Change</th><th>Existing Tax Treatment</th><th>New Tax Treatment</th></tr>
<tr>
<td>3</td>
<td>Revision of Annual Value ("AV") bands for owner-occupier residential Property Tax ("PT") rates from 1 January 2025 (i.e. from 2025 PT bills)
</td>
<td>Owner-occupied residential properties are taxed by applying the applicable marginal tax rate on the portion of the property's AV.</td>
<td>In view of the sharp rise in AVs over the last two years, the AV bands of the owner-occupier residential PT rates will be adjusted as follows from 1 January 2025:
<table>
<tr><th rowspan="2">Marginal PT Rate</th><th colspan="2">Marginal PT Rate</th></tr>
<tr><th>From 1 Jan 2024 to 31 Dec 2024</th><th>From 1 Jan 2025 (i.e. from 2025 PT bills)</th></tr>
<tr><td>0%</td><td>$0 - $8,000</td><td>$0 - $12,000</td></tr>
<tr><td>4%</td><td>>$8,000 - $30,000</td><td>>$12,000 - $40,000</td></tr>
<tr><td>6%</td><td>>$30,000 - $40,000</td><td>>$40,000 - $50,000</td></tr>
<tr><td>10%</td><td>>$40,000 - $55,000</td><td>>$50,000 - $75,000</td></tr>
<tr><td>14%</td><td>>$55,000 - $70,000</td><td>>$75,000 - $85,000</td></tr>
<tr><td>20%</td><td>>$70,000 - $85,000</td><td>>$85,000 - $100,000</td></tr>
<tr><td>26%</td><td>>$85,000 - $100,000</td><td>>$100,000 - $140,000</td></tr>
<tr><td>32%</td><td>>$100,000</td><td>>$140,000</td></tr>
</table>
</td>
</tr>
<tr>
<td>4</td>
<td>Extended GIRO Scheme for Residential Property (Retirees) ("EGS - Residential Property (Retirees)")</td>
<td>Property owners who sign up for GIRO payment can enjoy a 12-month interest-free instalment payment plan for PT bills.</td>
<td>To better support retirees, the 12-month interest-free GIRO instalment plan offered by IRAS will be extended to up to 24 months, effective from PT bill 2024, for retirees who meet the following criteria:

a. All owners of the property are aged 65 and above;
b. The applicant must owner-occupy the residential property (i.e., live in the property they own); and
c. The applicant's Assessable Income must not exceed $34,000 (based on latest tax assessment available).

Eligible retirees can apply for EGS Residential Property (Retirees) via IRAS' website or contact IRAS for more details.</td>
</tr>
</table>

Visuals designed by pch.vector / Freepik.

Annex 1: List of Tax Changes

Tax Changes for Individuals

Providing Support for Individuals

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
5	New Additional Buyer's Stamp Duty ("ABSD concession for single Singapore Citizen ("SC") seniors	ABSD of 20% applies on the purchase of a second residential property ("RP") by all SCs. This applies regardless of whether they dispose of their first RP subsequently, as the purchase of the second RP adds to the demand for RPs at the time of purchase. An exception was made for SC married couples buying a replacement RP. Under this concession, ABSD paid can be refund-ed provided that the first RP is sold within six months after the date of purchase of a completed RP, or the issue date of the Temporary Occupation Permit ("TOP") or Certificate of Statutory Completion ("CSC") of an uncompleted RP, whichever is earlier.	To better support single SC seniors who wish to right-size their RP, the ABSD concession will be extended to single SC seniors aged 55 and above. For purchases on or after 16 February 2024, single SC seniors aged 55 and above can claim a refund of ABSD paid on the replacement private RP if they meet the following conditions: a. ABSD has been paid on the replacement RP; b. Each first RP is solely owned by a single SC aged 55 and above, or with single SCs aged 55 and above who are immediate family members[4]; c. The owners of each first RP need to be the owners of the replacement RP. Any additional owners purchasing the replacement RP with the owners of each first RP must also be single SCs aged 55 and above who are immediate family members. There should be no change of ownership in the replacement RP at the time of the sale of each first RP; d. The buyer(s) do not own more than one RP each at the point of purchasing the replacement RP, and have not purchased or acquired any other RP since the purchase of the replacement RP; e. The value of the replacement RP is less than the value of each of the first RP(s) sold[5]; f. The buyer(s) dispose the first RP(s) (whether co-owned or separately owned) within six months after the date of purchase of a completed RP, or the issue date of the TOP or CSC of an uncompleted RP, whichever is earlier; and g. The application for the refund of ABSD is made within six months after the date of sale of the first RP(s).

[4] Immediate family members refer to one's parent, child, or sibling.
[5] The value refers to the higher of the purchase price or market value of the RP purchased/sold. The value of the replacement RP is that as at the date of purchase of the replacement RP, while the value of the first RP is that as at the date of sale of the first RP.

Annex 1: List of Tax Changes

Tax Changes for Individuals

Building a Fairer and More Resilient Tax System

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
6	Lapse Course Fees Relief ("CFR")  	A tax resident individual may claim CFR with a maximum relief of $5,500 in each YA. To qualify, the course, seminar, or conference must: a. Be relevant to the individual's present or future trade, business, profession, vocation or employment; or b. Lead to an approved academic, professional or vocational qualification.	With the introduction of more targeted direct subsidies to support lifelong learning and upskilling over the years, the CFR will be lapsed with effect from YA 2026. Individuals can continue to receive support for upskilling, reskilling, and career transitions through other existing Government initiatives, for example, course fee subsidies for SkillsFuture Singapore-funded courses, SkillsFuture Credit, SkillsFuture Career Transition Programme, and Career Conversion Programmes.
7	Remove CPF Cash Top-Up Relief for cash top-ups that attract matching grant from the Government under the Matched Retirement Savings Scheme ("MRSS")	Cash top-ups to the Retirement Account of a MRSS-eligible CPF member attract the MRSS matching grant, and may also entitle the giver to the CPF Cash Top-Up Relief[6].	As the MRSS matching grant is already a significant benefit extended by the Government, cash top-ups made on or after 1 January 2025 to the Retirement Account of a MRSS-eligible CPF member that attract the MRSS matching grant will no longer entitle the giver to the CPF Cash Top-Up Relief from YA 2026. A giver may continue to enjoy tax relief of up to $16,000 a year for eligible CPF cash top-ups that do not attract the MRSS matching grant. The maximum amount of CPF Cash Top-Up Relief is $8,000 per year for cash top-ups to the giver's own Special Account, Retirement Account or MediSave Account, and another $8,000 per year for cash top-ups to such accounts of the giver's loved ones. This change will be accompanied by enhancements to the MRSS (see Annex F-1).

[6] CPF Cash Top-Up Relief may, subject to conditions, be allowed to a giver for cash top-ups:

a. made by the giver or the giver's employer on the giver's behalf, to the giver's own Special Account, Retirement Account or MediSave Account; and
b. made by the giver to the Special Account, Retirement Account or MediSave Account of the giver's parent, parent-in-law, grandparent, grandparent-in-law, spouse or siblings. To qualify for tax relief for cash top-ups to spouse/siblings, a non-handicapped spouse/sibling must not have an annual income exceeding $4,000 (this income threshold will be raised to $8,000 from YA 2025) in the year preceding the year of top-up.

Visuals designed by pch.vector / Freepik.

Annex 1: List of Tax Changes

Other Tax Changes

Strengthening our Culture of Giving

<table>
<tr><th>S/N</th><th>Name of Tax Change</th><th>Existing Tax Treatment</th><th>New Tax Treatment</th></tr>
<tr><td>1</td><td>Introduce an Overseas Humanitarian Assistance Tax Deduction Scheme ("OHAS")

</td><td>Donors do not receive tax deductions for overseas cash donations, unless they qualify for the Philanthropy Tax Incentive Scheme for Family Offices ("PTIS") [7].</td><td>To encourage giving towards overseas emergency humanitarian assistance causes, the OHAS will be piloted for four years from 1 January 2025 to 31 December 2028.

The OHAS will provide individual and corporate donors with 100% tax deduction for qualifying overseas cash donations made through a designated charity and towards a fundraiser for emergency humanitarian assistance with a valid Fund-Raising for Foreign Charitable Purpose permit from the Commissioner of Charities.

For more information on the OHAS, please refer to Annex G-2.</td></tr>
</table>

Building a Fairer and More Resilient Tax System

<table>
<tr><td>2</td><td>Withdraw income tax concession on royalty income accorded to authors, composers, and choreographers</td><td>Royalty income derived by any author, composer, choreographer or any company wholly owned by such individuals in respect of literary, dramatic, musical and artistic work is brought to tax based on the lower of (i) the net amount of royalties (i.e., gross amount of royalties, less allowable deductions and capital allowances), and (ii) 10% of the gross amount of royalties.</td><td>To ensure parity in the treatment of royalty income, the tax concession will be withdrawn in phases with effect from YA 2027.

For YA 2027 and YA 2028, eligible taxpayers may continue to claim the tax concession and report their taxable royalty income based on the lower of (i) the net amount of royalties (i.e., gross amount of royalties, less allowable deductions and capital allowances), and (ii) a specified rate applied on the gross amount of royalties. The specified rate will be as follows:
<table><tr><th>YA</th><th>Concessionary Tax Treatment</th></tr><tr><td>2027</td><td>40% of gross royalty</td></tr><tr><td>2028</td><td>70% of gross royalty</td></tr></table>
The tax concession will be lapsed after YA 2028. From YA 2029, taxpayers should report the net amount of royalties.</td></tr>
</table>

[7] The PTIS provides qualifying donors 100% tax deduction for overseas cash donations made through qualifying local intermediaries, capped at 40% of the donor's statutory income. To qualify, donors must have a fund under section 13O or 13U of the ITA and meet eligibility conditions, such as incremental local business spending of S$200,000.

Visuals designed by pch.vector / Freepik.

Contact Us

Tax Advisory Specialists

Edwin Leow
Head of Tax
Co-Advisory Leader
edwinleow@sg.cla-ts.com

Shaun Zheng
Asset Management and
Private Wealth Services Tax Lead
shaunzheng@sg.cla-ts.com

Koy Su Hiang
Business & International Tax Lead
koysuhiang@sg.cla-ts.com

Jennifer Lee
GST Tax Lead
jenniferlee@sg.cla-ts.com

John Chua
Merger & Acquisitions Tax Lead
johnchua@sg.cla-ts.com

Belinda Lim
Transfer Pricing Tax Lead
belindalim@sg.cla-ts.com

Jason Oon
Governance and Sustainability
Tax Lead
jasonoon@sg.cla-ts.com

Aaron Zhou
Chinese Clients Tax Lead
aaronzhou@sg.cla-ts.com

Tan Xin Yi
Individual Tax Lead
tanxinyi@sg.cla-ts.com

Else Guo
Private Wealth Services Tax
Specialist
elseguo@sg.cla-ts.com

Chris Lim
Business Tax Specialist
chrislim@sg.cla-ts.com

CLA Global TS Holdings Pte. Ltd.
A: 80 Robinson Road, #25-00, Singapore 068898
T: (65) 6534 5700
E: connect@sg.cla-ts.com

Global TS
The Growth Strategist For Asia

CLA-TS.com