



CLA Global TS
The Growth Strategist For Asia

Securing Our Future In A Changed World – Fourth Generation Leadership in Full Swing

Singapore Budget 2026 Commentary

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Foreword

With Singapore's fourth-generation leadership now firmly at the helm, Budget 2026 marks a decisive shift from broad-based cushioning towards targeted support anchored in long-term capacity building. As the first Budget of the new parliamentary term, it sets the tone for a more strategic integration of economic competitiveness and social resilience, rather than a return to overt redistribution.

This direction builds on policy frameworks already in motion, including the National Artificial Intelligence (AI) Strategy, the Forward Singapore agenda, and the Research, Innovation and Enterprise 2030 plan. The Economic Strategy Review's (ESR) mid-term recommendations further sharpen this trajectory, calling for bolder risk-taking, deeper skills development, stronger internationalisation, and a broader range of quality jobs for Singaporeans.

Budget 2026 translates these strategic intents into fiscal action across social support, competitiveness, AI-enabled productivity, cost-of-living relief, climate policy and tax integrity.

From a social and ageing perspective, fiscal resources are deployed with greater precision. Broad-based transfers introduced during periods of heightened inflation are being normalised, with assistance more sharply targeted at lower-income households, seniors, and vulnerable groups.

From an economic and competitiveness perspective, the emphasis shifts to enabling firms to navigate a more uncertain global environment. Targeted support for internationalisation, productivity enhancement and business transformation—particularly for small and medium-sized enterprises—takes precedence over blanket relief. Manpower policies are calibrated to ease pinch points while maintaining overall standards.

In parallel, Budget 2026 places renewed emphasis on deepening Singapore's capital markets and strengthening the scale-up and listing pipeline. A second S\$1.5 billion tranche of the Anchor Fund has been announced to attract and anchor high-quality companies to list and grow from Singapore, building on early signs of renewed listing activity on the Singapore Exchange (SGX). Complementing this, the Government has committed an additional S\$1.5 billion to expand the Equity Market Development Programme, reinforcing market liquidity and investor depth while supporting the implementation of broader equities-market reforms, including streamlined listing rules and international connectivity.

At the earlier end of the growth continuum, Startup SG Equity has been enhanced with a further S\$1 billion and expanded beyond early-stage funding to include growth-stage companies. This reflects a recognition that while seed capital is relatively accessible, globally tightened growth capital conditions—particularly for deep-tech firms—have made scaling more challenging. Together, these measures signal a more integrated approach to capital formation, supporting enterprises from startup through scale-up to public markets, and strengthening Singapore's position as a hub for growth capital and high-quality listings.

Moving on, artificial intelligence and workforce transformation are central pillars. Measures focus on enterprise AI adoption, job redesign at scale, and a coordinated national approach to AI skills development, with particular attention to mid-career and older workers so that technology raises productivity and job quality.

Cost-of-living remains a consideration, within a disciplined, targeted framework. Support is calibrated to essential expenditures and vulnerable segments, reflecting a more benign inflation backdrop while keeping Singaporeans at the core of fiscal policy.

On sustainability, the Government reiterates Singapore's carbon tax path—S\$45/tonne for 2026–2027 and S\$50–S\$80/tonne by 2030—and signals that the eventual 2030 landing point may be set towards the lower end of the range if global climate momentum weakens. Additional U-Save rebates will help cushion household impacts, and authorities are assessing the post-2027 trajectory carefully in light of international developments.

Finally, with a growing focus on social mobility and fairness, the Government is building the data foundations for refreshed, wealth-adjacent approaches. Formalising the measurement of non-employment income strengthens system visibility and supports future calibration of taxes, transfers and reliefs without compromising competitiveness.

Taken together, Budget 2026 is a forward-looking statement of intent by Singapore's fourth-generation leadership: disciplined yet supportive, targeted yet inclusive, and oriented towards building an AI-enabled, globally connected and resilient economy. For businesses and individuals alike, the message is clear - the next phase of Singapore's growth will be shaped less by short-term transfers, and more by sustained investment in skills, productivity and long-term competitiveness.

Key Tax Highlights

Corporate Tax Changes

1. Corporate Income Tax (“CIT”) Rebate for Year of Assessment (“YA”) 2026 – Continued Cash-Flow Support for Businesses

To support businesses amid ongoing global uncertainties and rising operating costs, the Government has announced a CIT Rebate for YA 2026. A CIT rebate was also provided in YA 2025 and YA 2024

Key Features of the CIT Rebate for YA 2026

- 40% rebate on corporate income tax payable, capped at S\$30,000 per company
- Minimum benefit (CIT Rebate Cash Grant) of S\$1,500, for companies that had at least one local employee in Calendar Year (“CY”) 2025
- To qualify, companies must have made CPF contributions to at least one Singapore Citizen or Permanent Resident employee in CY 2025 (excluding shareholders who are also directors)

How This Impacts Your Business

- Immediate cash-flow relief: The rebate directly reduces tax payable, freeing up cash for reinvestment, expansion or working capital needs.
- YA 2026 provisioning and Estimated Chargeable Income (“ECI”) planning: As a continuation of prior-year support measures, companies can factor the rebate when preparing the tax provision for YA 2026 and when computing ECI.
- Continued encouragement of local employment: The minimum benefit reinforces the policy intent of supporting businesses that continue to employ local talent.

Corporate Tax Changes

Example Scenario

A company has:

- Tax payable of S\$50,000 for YA 2026
- At least one qualifying local employee

The company would be entitled to:

- $40\% \times S\$50,000 = S\$20,000$ total CIT Rebate benefit
- As this is below the S\$30,000 cap, the full S\$20,000 rebate applies
- As the company has employed at least one local employee, it will receive S\$1,500 CIT Rebate Cash Grant
- CIT Rebate = $S\$20,000 - S\$1,500 = S\$18,500$

Comments

While the rebate does not alter Singapore's headline corporate tax rate, it provides targeted and immediate relief, particularly for SMEs and mid-sized groups. Businesses should ensure that local employee conditions are met and properly documented, as this is critical to securing the minimum benefit.

Corporate Tax Changes

2. Enhancement of the Enterprise Innovation Scheme (“EIS”) – Supporting AI Adoption

Overview

The EIS, which currently provides enhanced tax deductions and allowances to encourage businesses to invest in innovation and capability development, will be enhanced for YA 2027 and YA 2028 to further support the adoption of AI by businesses.

This enhancement is consistent with Singapore’s broader productivity and enterprise transformation agenda, where AI is increasingly viewed as a core operational capability rather than a discretionary innovation spend.

These enhancements signal the Government’s continued push to embed AI capabilities within enterprises, particularly in sectors where productivity gains and transformation potential are most significant.

Corporate Tax Changes

Existing Tax Treatment

Under the current EIS framework, qualifying businesses may claim 400% tax deductions or allowances on qualifying expenditure incurred on the following five categories of activities:

- a. Qualifying Research and Development activities undertaken in Singapore;
- b. Registration of Intellectual Property (“IP”);
- c. Acquisition and licensing of IP rights;
- d. Training courses eligible for SkillsFuture Singapore funding and aligned with the Skills Framework; and
- e. Innovation projects carried out with polytechnics, the Institute of Technical Education, or other approved partner institutions.

The qualifying expenditure cap is S\$400,000 per YA for activities (a) to (d), and S\$50,000 per YA for activity (e).

Businesses may also elect to convert up to S\$100,000 of qualifying expenditure into a 20% non-taxable cash payout, in lieu of tax deductions or allowances.

New Tax Treatment

With effect from YA 2027 and YA 2028, the EIS will be enhanced as follows:

- The list of approved partner institutions will be expanded to include the Sectoral AI Centre of Excellence for Manufacturing.
- A new qualifying activity will be introduced in respect of qualifying AI expenditures.
- Businesses may claim 400% tax deductions or allowances on up to S\$50,000 of qualifying AI expenditure per YA.
- The option to convert qualifying AI expenditure into a cash payout will not be available for this new AI-specific category.

Further implementation details are expected to be released by Inland Revenue Authority of Singapore (“IRAS”) by mid-2026.

Corporate Tax Changes

Comments

The targeted enhancement of the EIS reflects a deliberate policy shift from broad-based innovation incentives towards more focused, capability-driven adoption of AI. By ring-fencing a separate qualifying expenditure cap for AI-related investments, the Government appears to be encouraging real deployment and use of AI solutions within core business processes, rather than exploratory or proof-of-concept initiatives alone.

The exclusion of the cash payout option for AI expenditure is noteworthy. This appears to reflect a policy choice to prioritise substantive investment by businesses that are already in a position to deploy AI meaningfully, rather than providing short-term cash support. In this respect, the enhancement signals an emphasis on depth of adoption over breadth of participation.

From a practical perspective, businesses should begin assessing whether their planned or existing AI-related costs — such as implementation, integration, or sector-specific AI solutions — may fall within the scope of the new qualifying activity once further guidance is issued. As with many targeted enhancements, the practical scope of qualifying AI expenditure will ultimately depend on the details of IRAS' guidance, which is expected by mid-2026. Manufacturing and industrial players, in particular, may stand to benefit from the inclusion of the Sectoral AI Centre of Excellence as an approved partner institution.



Corporate Tax Changes

3. Enhancements to Double Tax Deduction for Internationalisation (“DTDi”) scheme

The DTDi scheme allows businesses to claim 200% deduction on eligible expenses incurred in 16 qualifying market expansion and investment development activities.

Currently, automatic deduction, without the need for prior approval from Enterprise Singapore or Singapore Tourism Board, is available on the first S\$150,000 per YA of eligible expenses (with restriction on certain expenses on overseas market development trips and overseas investment study trips) on nine qualifying internationalisation activities.

Enhancements

The budget enhancements, effective from YA 2027, relate to automatic deduction under the scheme. Significantly, businesses can look forward to a higher expenditure cap of S\$400,000 per YA. Automatic approval will also be extended to five more qualifying activities under the scheme:

- a. Investment feasibility / due diligence studies;
- b. Master licensing and franchising;
- c. Market surveys / feasibility studies;
- d. Overseas business development; and
- e. Production of corporate brochures for overseas distributions.

In addition, the current restriction on certain expenses on overseas market development trips and overseas investment study trips will be removed.

More details will be provided by Enterprise Singapore by the second quarter of 2026.

Comments

Given the limited size of the domestic market, the Government continues to emphasise the importance of expanding to global markets to achieve scale. Along with other budget enhancements to support levels for grant schemes that support companies to internationalise and to the Market Readiness Assistance grant, the enhancements to the DTDi scheme demonstrate the Government’s commitment to support businesses in their internationalisation efforts.

Businesses planning to expand overseas may take advantage of the automatic 200% deduction to reduce their tax liabilities and make the claims in their income tax returns. Supporting documentation to substantiate the claims need not be submitted but are required to be kept for submission if requested by IRAS.

Individual Tax Changes

1. No Personal Income Tax Rebate (“PIT Rebate”) for YA 2026

As Prime Minister Lawrence Wong outlined the tax changes concerning individuals, we listened closely in anticipation of any news on the PIT Rebate, but none was heard. We held onto hope and pored over the Tax Changes Annex, only to have it confirmed that there will be no PIT Rebate for YA 2026.

This marks a clear departure from the previous two YAs. In YA 2024, tax-paying Singapore tax-resident individuals received a 50% PIT Rebate capped at S\$200, aimed at helping households cope with rising living costs. In YA 2025, the PIT Rebate was once again made available to all tax-paying Singapore tax residents as part of the SG60 package, set at 60% of tax payable, capped at S\$200. The absence of a PIT Rebate this year underscores the Government’s stance that such rebates are not recurring features, but selectively deployed fiscal tools tied to broader national objectives.

Budget 2026 continues to extend support to individuals through cost-of-living measures, including the Special Payment for eligible Singaporeans and additional household rebates. Running in parallel, Budget 2026 pushes forward the Government’s effort to enable individuals to thrive in a constantly shifting employment landscape. This will be driven by a new statutory board born from the merger of SkillsFuture Singapore and Workforce Singapore, aimed at enhancing the alignment of Singapore’s jobs and skills ecosystem.

Overall, while the absence of the PIT Rebate may be felt by taxpayers, the Government has sought to balance this through deeper investments in capability-building and workforce transformation initiatives. Individuals who embrace these developments are likely to benefit sustainably through enhanced employability and strengthened resilience, ultimately positioning themselves more favourably in the long run.

Individual Tax Changes

2. Increase in Central Provident Fund ("CPF") contribution rates for those aged above 55 to 65

With effect from 1 January 2027, the CPF contribution rate for those aged above 55 to 60 will increase by 1.5% and those aged above 60 to 65 will increase by 1%.

Employee's age (years)	2026	CPF Contribution Rates from 1 January 2027		
	Total (% of wage)	Total (% of wage)	By employer (% of wage)	By employee (% of wage)
55 and below	37	37	17	20
Above 55 to 60	34	35.5 (+1.5)	16.5 (+0.5)	19 (+1)
Above 60 to 65	25	26 (+1)	13 (+0.5)	13 (+0.5)
Above 65 to 70	16.5	16.5	9	7.5
Above 70	12.5	12.5	7.5	5

Comments

The CPF rate adjustments taking effect from 1 January 2027 come at a time when Singapore's economy is undergoing significant transformation. Budget 2026 highlights the imperative for businesses to embrace technology, particularly in AI, while continuing to develop a more resilient workforce. In this environment, senior workers remain an important part of the labour force, contributing their experience, stability and knowledge.

To better support older workers in staying employed longer and enhancing their retirement adequacy, the increase in CPF contribution rates is a timely and necessary step. Complementing this, the Government is also providing support through cost-of-living measures and targeted retirement assistance, including one-time top-ups of up to S\$1,500 for seniors with lower CPF balances. Together, these initiatives strengthen Singapore's financial safety net at a time when people are living longer, and retirement needs are becoming more substantial.

Key Financial Services / Asset Management Changes

The 2026 Budget extends a suite of withholding tax (“WHT”) exemptions that were originally scheduled to lapse after 31 December 2026. These exemptions are critical for financial institutions and capital market activities, and will now be extended until 31 December 2031.

Under existing Singapore tax law:

- Interest and similar payments to non residents are generally subject to WHT rate of 15%.
- Financial institutions have been enjoying WHT exemptions for payments made under specific types of financial transactions to non-resident persons (excluding permanent establishments in Singapore) which were originally to lapse after 31 December 2026.

The following payments will now continue to enjoy WHT exemption until 31 December 2031:

- a. All section 12(6) payments made by specified entities for the purpose of their trade or business;
- b. Payments on structured products offered by financial institutions in Singapore;
- c. Payments on over-the-counter financial derivatives by qualifying financial institutions;
- d. Payments made under cross currency swaps transactions by Singapore swap counterparties to issuers of Singapore dollar debt securities;
- e. Interest payments on margin deposits made under all derivatives contracts by approved exchanges, approved clearing houses, members of approved exchanges and members of approved clearing houses;
- f. Specified payments made under securities lending or repurchase agreements by specified institutions; and
- g. Payments under interest rate or currency swap transactions by Monetary Authority of Singapore (“MAS”).

MAS will provide further implementation details by the second quarter of 2026.

Key Financial Services / Asset Management Changes

Comments

The extension of these WHT exemptions reinforces Singapore's position as a premier financial hub and underscores the Government's commitment to maintaining a competitive, open, and robust capital markets ecosystem.

Without these exemptions, financial institutions would face a significant increase in transactional costs when making payments to non resident counterparties.

By extending the exemptions, the Government is providing long-term regulatory certainty, an essential consideration for financial institutions that structure long-term financing, hedging, and investment horizon. This stability also strengthens Singapore's value proposition as a base for global and regional financial players who require predictable tax settings to manage liquidity, funding, and hedging strategies efficiently.

This move will be seen as a welcome signal of policy continuity, one that reduces uncertainty, safeguards operational efficiency, and affirms Singapore's long-term commitment to supporting cross border financial activity. The financial players are likely to view the extension as not just a tax concession, but a clear enabler of strategic planning, sustained investment, and continued regional hubbing in Singapore.

Annex: List of Tax Changes

Supporting Companies

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
1.	Provide 40% Corporate Income Tax ("CIT") Rebate in Year of Assessment ("YA") 2026 with a minimum benefit of \$1,500 for eligible active companies	N/A	<p>To provide support for companies to manage cost pressures, a CIT Rebate of 40% of tax payable will be granted in YA 2026.</p> <p>Active companies that employed at least one local employee in Calendar Year ("CY") 2025 (referred to as the "local employee condition") will receive a minimum benefit of \$1,500 in the form of a CIT Rebate Cash Grant.</p> <p>The total maximum benefits (i.e., sum of CIT Rebate and CIT Rebate Cash Grant) that a company can receive is \$30,000. Eligible companies will automatically receive the benefits from 2Q CY 2026 onwards.</p> <p>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 CY 2025.</p> <p>For example, Company A has tax payable of \$30,000 for YA 2026 and will receive a total CIT Rebate benefit of \$12,000 (i.e., 40% * \$30,000). If Company A employed at least one local employee in CY 2025, it will receive a \$1,500 CIT Rebate Cash Grant, with the remaining \$10,500 as CIT Rebate.</p>

Annex: List of Tax Changes

Supporting Companies

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
2.	Enhance the Double Tax Deduction for Internationalisation ("DTDi") scheme	<p>Under the DTDi scheme, businesses are allowed a 200% tax deduction on eligible expenses incurred on 16 qualifying market expansion and investment development activities.</p> <p>Businesses can automatically claim 200% tax deduction on the first \$150,000 of eligible expenses for nine activities¹ per YA without prior approval.</p> <p>Prior approval is required from Enterprise Singapore or Singapore Tourism Board for expenses exceeding \$150,000 on these nine activities or expenses incurred on the remaining seven qualifying activities².</p> <p>Prior approval is also required for certain expenses incurred on overseas market development trips and overseas investment study trips.</p>	<p>To further support businesses in their internationalisation efforts, the expenditure cap for claims that may be filed without prior approval will be raised from \$150,000 to \$400,000 per YA.</p> <p>The scope of claims which do not require prior approval will also be expanded to cover all eligible expenses incurred on overseas market development trips and overseas investment study trips, and the following qualifying activities:</p> <ol style="list-style-type: none"> Investment feasibility/due diligence studies; Master licensing and franchising; Market surveys/feasibility studies; Overseas business development; and Production of corporate brochures for overseas distribution. <p>Businesses can continue to apply to Enterprise Singapore or Singapore Tourism Board for expenses exceeding \$400,000 per YA or expenses incurred on overseas trade office and e-commerce campaigns.</p> <p>The changes will apply to expenses incurred from YA 2027. Enterprise Singapore will provide more details by 2Q 2026.</p>

¹ The nine activities are advertising in approved local trade publication, design of packaging for overseas markets, local trade fairs, overseas advertising and promotional campaign, overseas investment study trips, overseas market development trips, overseas trade fairs, product/service certification and virtual trade fairs.

² The remaining activities are e-commerce campaigns, investment feasibility/due diligence studies, master licensing and franchising, market surveys/feasibility studies, overseas business development, overseas trade offices and production of corporate brochures for overseas distribution.

Annex: List of Tax Changes

Maintaining a Fair and Competitive Tax System

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
3.	Enhance the Enterprise Innovation Scheme ("EIS")	<p>Under the EIS, qualifying businesses can claim 400% tax deductions/allowances on qualifying expenditure incurred on the following five qualifying activities:</p> <ol style="list-style-type: none"> Qualifying Research and Development activities undertaken in Singapore; Registration of Intellectual Property ("IP"); Acquisition and licensing of IP rights; Training courses that are eligible for SkillsFuture Singapore funding and aligned with the Skills Framework; and Innovation projects carried out with polytechnics, the Institute of Technical Education, or other qualified partners (collectively known as partner institutions). <p>The qualifying expenditure cap under each of activities (a) to (d) is \$400,000 for each YA. The qualifying expenditure cap under (e) is \$50,000 for each YA.</p> <p>Businesses have the option to convert up to \$100,000 of total qualifying expenditure into a 20% non-taxable cash payout, in lieu of tax deductions/allowances.</p>	<p>To support businesses in adopting AI, the EIS will be enhanced for YA 2027 and YA 2028:</p> <ol style="list-style-type: none"> The list of partner institutions will be expanded to include the Sectoral AI Centre of Excellence for Manufacturing. An additional qualifying activity will be introduced for qualifying AI expenditures. Businesses can claim tax deductions/allowances of 400% on up to \$50,000 of qualifying AI expenditures incurred for each YA. The option to convert qualifying expenditure into a cash payout will not be available for this new qualifying activity. <p>IRAS will provide more details by mid- 2026.</p>

Annex: List of Tax Changes

Maintaining a Fair and Competitive Tax System

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
4.	Extend the withholding tax exemptions for the financial sector	<p>Generally, interest payments made to non-resident persons are subject to withholding tax at a rate of 15%.</p> <p>A range of withholding tax exemptions is available to financial institutions for payments made under specific types of financial transactions.</p> <p>The withholding tax exemptions for the following payments made to non-resident persons (excluding permanent establishments in Singapore) are scheduled to lapse after 31 December 2026:</p> <ol style="list-style-type: none"> All Section 12(6) payments made by specified entities for the purpose of their trade or business³; Payments on structured products offered by financial institutions in Singapore; Payments on over-the-counter financial derivatives made by qualifying financial institutions; Payments made under cross currency swap transactions by Singapore swap counterparties to issuers of Singapore dollar debt securities; Interest payments on margin deposits made under all derivatives contracts by approved exchanges, approved clearing houses, members of approved exchanges and members of approved clearing houses; 	<p>To maintain the competitiveness of our financial sector, the withholding tax exemptions for payments (a) to (g) will be extended till 31 December 2031.</p> <p>MAS will provide more details by 2Q 2026.</p>

³ Specified entities are also not required to withhold tax on all Section 12(6) payments made to permanent establishments in Singapore.

Annex: List of Tax Changes

Maintaining a Fair and Competitive Tax System

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
		<ul style="list-style-type: none"> f. Specified payments made under securities lending or repurchase agreements by specified institutions; and g. Payments made under interest rate or currency swap transactions by MAS. 	
5.	Extend and enhance the Finance and Treasury Centre ("FTC") incentive	<p>Under the FTC incentive, approved FTCs are eligible for a concessionary tax rate of 8% or 10% on qualifying income.</p> <p>Approved FTCs are also eligible for withholding tax exemption on interest payments on loans used for qualifying activities or services.</p> <p>The incentive is scheduled to lapse after 31 December 2026.</p>	<p>To encourage companies to conduct treasury management activities in Singapore, the FTC incentive will be extended till 31 December 2031.</p> <p>In addition, the scope of the withholding tax exemption for approved FTCs will be expanded to include interest-like borrowing costs that are subject to withholding tax, for loans used for qualifying activities or services. The expanded scope of exemption applies to payments made on or after 13 February 2026.</p> <p>EDB will provide more details by 13 February 2026.</p>
6.	Extend and enhance the Global Trader Programme ("GTP")	<p>Under the GTP, approved global trading companies are eligible for a concessionary tax rate of 5%, 10%, or 15% on income from qualifying transactions in qualifying commodities.</p> <p>The scheme is scheduled to lapse after 31 December 2026.</p>	<p>To further strengthen Singapore's position as a global trading hub, the following changes will be made to the GTP:</p> <ul style="list-style-type: none"> a. The scheme will be extended until 31 December 2031. b. The list of qualifying commodities will be expanded to include Environmental Attribute Certificates from 13 February 2026. <p>Enterprise Singapore will provide more details by 2Q 2026.</p>

Annex: List of Tax Changes

Maintaining a Fair and Competitive Tax System

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
7.	Extend the Not-for-Profit Organisation Tax Incentive ("NPOTI")	<p>The NPOTI provides tax exemption on the income derived by an approved NPO.</p> <p>The tax incentive is scheduled to lapse after 31 December 2027.</p>	To ensure that Singapore remains an attractive location for NPOs, the NPOTI will be extended till 31 December 2032.
8.	Allow tax deduction for CPF cash top-ups made by platform operators on behalf of their platform workers under the Voluntary Contributions to MediSave Account scheme ("VC-MA")	<p>Employers can claim tax deduction for CPF cash top-ups made on behalf of employees under the VC-MA.</p> <p>Platform operators cannot claim tax deduction for CPF cash top-ups made on behalf of platform workers under the VC-MA.</p>	<p>To encourage platform operators to make CPF cash top-ups on behalf of their platform workers (who are eligible for the Matched MediSave Scheme⁴), platform operators will be allowed to claim tax deduction for CPF cash top-ups made on behalf of their platform workers under the VC-MA.</p> <p>The change will apply from YA 2027 for CPF cash top-ups made from 1 January 2026.</p>
9.	Allow the Investment Allowance for Emissions Reduction ("IA-ER") scheme to lapse	<p>Under the IA-ER scheme, investment allowance can be granted to companies for capital expenditure incurred for approved projects that improve energy efficiency or reduce greenhouse gas emissions.</p> <p>The scheme is scheduled to lapse after 31 December 2026.</p>	<p>To ensure that our tax schemes remain relevant, the IA-ER scheme will be allowed to lapse after 31 December 2026.</p> <p>The Government will continue to support efforts to improve energy efficiency or reduce greenhouse gas emissions via existing schemes such as the Resource Efficiency Grant for Emissions and the Refundable Investment Credits for Decarbonisation.</p>

⁴ The Government will match every dollar of voluntary cash top-ups to the MediSave Account of eligible CPF members, up to an annual cap of \$1,000, to boost MediSave adequacy for seniors with lower balances.

Annex: List of Tax Changes

Maintaining a Fair and Competitive Tax System

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
10.	Allow the double tax deduction for qualifying upfront costs attributable to rated retail bonds to lapse	<p>Bond issuers that are carrying on a trade or business in Singapore can claim a 200% tax deduction on qualifying upfront costs incurred on or after 19 May 2021 that are attributable to rated retail bonds issued from 19 May 2021 to 31 December 2026 (both dates inclusive) under the Seasoning Framework and Exempt Bond Issuer Framework.</p> <p>The scheme is scheduled to lapse after 31 December 2026.</p>	<p>To ensure that our tax incentives remain relevant, the double tax deduction scheme for rated retail bonds will be allowed to lapse after 31 December 2026.</p> <p>Other schemes such as the Qualifying Debt Securities scheme and the Global-Asia Bond Grant Scheme continue to be available to bond issuers.</p>

Annex: List of Tax Changes

Strengthening our Culture of Giving

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment												
11.	Extend the 250% tax deduction for qualifying donations to Institutions of a Public Character ("IPCs") and eligible institutions (see eligibility criteria below)	Donors are eligible for a 250% tax deduction for qualifying donations made to IPCs and eligible institutions. The tax deduction is scheduled to lapse for donations made after 31 December 2026.	To encourage giving, the tax deduction will be extended to qualifying local donations made from 1 January 2027 to 31 December 2029.												
	<table border="1"> <thead> <tr> <th>Eligible Donations</th> <th>Eligible Recipients</th> </tr> </thead> <tbody> <tr> <td>Gifts of shares listed on the Singapore Exchange ("SGX") or Gifts of units in unit trusts traded in Singapore or listed on the SGX^(a)</td> <td>IPCs</td> </tr> <tr> <td>Cash donations^(b)</td> <td>IPCs and the Singapore Government</td> </tr> <tr> <td>Gifts of artefacts^(b)</td> <td>Approved museums (approval by the National Heritage Board ("NHB"))</td> </tr> <tr> <td>Gifts of parcels of land or buildings^(b)</td> <td>IPCs</td> </tr> <tr> <td>Donation, installation, and maintenance of sculptures and works of art for public display^(b)</td> <td>NHB and approved recipients (approval by the NHB)</td> </tr> </tbody> </table>	Eligible Donations	Eligible Recipients	Gifts of shares listed on the Singapore Exchange ("SGX") or Gifts of units in unit trusts traded in Singapore or listed on the SGX ^(a)	IPCs	Cash donations ^(b)	IPCs and the Singapore Government	Gifts of artefacts ^(b)	Approved museums (approval by the National Heritage Board ("NHB"))	Gifts of parcels of land or buildings ^(b)	IPCs	Donation, installation, and maintenance of sculptures and works of art for public display ^(b)	NHB and approved recipients (approval by the NHB)		
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Table Note

(a) Applicable to donations from individual donors only.

(b) Applicable to donations from individual and corporate donors.

Annex: List of Tax Changes

Strengthening our Culture of Giving

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
12.	Extend the Corporate Volunteer Scheme ("CVS")	<p>All businesses carrying on a trade or business in Singapore can claim 250% tax deductions on qualifying expenditure (such as wages) incurred in respect of:</p> <ul style="list-style-type: none"> a. Sending their qualifying employees to volunteer at or to provide services to IPCs; or b. Seconding their qualifying employees to IPCs. <p>From 1 January 2024, the qualifying expenditure is subject to an annual cap of \$250,000 per business per YA and \$100,000 per IPC per CY.</p> <p>The tax deduction is scheduled to lapse for expenditure incurred after 31 December 2026.</p>	<p>To support corporate volunteering, the tax deduction under the CVS will be extended to qualifying expenditure incurred from 1 January 2027 to 31 December 2029.</p>

Annex: List of Tax Changes

Vehicle Tax Change

S/N	Name of Tax Change	Existing Tax Treatment	New Tax Treatment
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13. Preferential Additional Registration Fee (PARF) rebate

To encourage timely renewal of the vehicle population so that it is safer and less pollutive, PARF rebates are provided to car and taxi owners. It is calculated as a percentage of ARF paid and tiered based on the age of vehicle at deregistration.

Age of Vehicle at Deregistration	P A R F Rebate*
Age ≤ 5 years	75% of ARF
5 years < Age ≤ 6 years	70% of ARF
6 years < Age ≤ 7 years	65% of ARF
7 years < Age ≤ 8 years	60% of ARF
8 years < Age ≤ 9 years	55% of ARF
9 years < Age ≤ 10 years	50% of ARF
Age > 10 years	n.a

*PARF rebates are capped at \$60,000.

Electric and hybrid vehicles are less pollutive, and as they become more commonplace, PARF is less relevant. We will therefore reduce PARF by 45%-pts across the board and reduce the PARF rebate cap from \$60,000 to \$30,000.

Age of Vehicle at Deregistration	P A R F Rebate*
Age ≤ 5 years	30% of ARF
5 years < Age ≤ 6 years	25% of ARF
6 years < Age ≤ 7 years	20% of ARF
7 years < Age ≤ 8 years	15% of ARF
8 years < Age ≤ 9 years	10% of ARF
9 years < Age ≤ 10 years	5% of ARF
Age > 10 years	n.a

*PARF rebates will be capped at \$30,000.

The revised PARF rebate schedule and cap of \$30,000 will apply to cars that are registered with COEs obtained from the second COE bidding exercise in February 2026.

For cars that do not need to bid for COEs (i.e., taxis), the revised PARF rebate schedule and cap of \$30,000 will apply to those that are registered on or after 13 February 2026.

The revised PARF rebate schedule and cap do not apply to vehicles that are not eligible for PARF rebates, such as goods-cum-passenger vehicles, classic cars, and vehicles that have been laid-up.

Further details will be announced by LTA.

Annex: Excise Duties For Tobacco Products

To discourage consumption of tobacco products, we will raise the tobacco duties by 20% across all tobacco products. The increase will take effect from 12 February 2026:

- a. **Cigars, Cheroots, Cigarillos and Cigarettes, and Other Manufactured Tobacco:** From \$491/kgm or 49.1 cents/stick of cigarette to \$589/kgm or 58.9 cents/stick of cigarette.
- b. **Beedies, Ang Hoon, and Other Smokeless Tobacco:** From \$378/kgm to \$454/kgm.
- c. **Unmanufactured and Cut Tobacco and Other Tobacco Refuse:** From \$446/kgm to \$535/kgm.

Harmonised System (HS) Code	Product Description	Current Excise Rate	New Excise Rate
Cigars, Cheroots, Cigarillos and Cigarettes, and Other Manufactured Tobacco:			
2402.20.20	Clove cigarettes	49.1 cents for every gram or part thereof of each stick of cigarette	58.9 cents for every gram or part thereof of each stick of cigarette
2402.20.90	Other cigarettes containing tobacco		
2402.90.20	Cigarettes of tobacco substitutes		
2402.10.00	Cigars cheroots & cigarillos containing tobacco	\$491/kgm	\$589/kgm
2402.90.10	Cigars cheroots & cigarillos of tobacco substitutes		
2403.11.10	Water pipe tobacco packed for retail sale		
2403.11.90	Water pipe tobacco not packed for retail sale		
2403.19.19	Other smoking tobacco packed for retail sale		
2403.19.99	Other smoking tobacco not packed for retail sale		
2403.91.10	Homogenised or reconstituted tobacco packed for retail sale		
2403.91.90	Homogenised or reconstituted tobacco not packed for retail sale		
2403.99.30	Manufactured tobacco substitutes		
2403.99.40	Snuff whether or not dry		
2403.99.90	Other manufactured tobacco not for smoking		
2404.11.00	Products containing tobacco or reconstituted tobacco, intended for inhalation without combustion		
2404.19.10	Products containing tobacco substitutes, intended for inhalation without combustion		

Annex: Excise Duties For Tobacco Products

Harmonised System (HS) Code	Product Description	Current Excise Rate	New Excise Rate
Beedies, Ang Hoon, and Other Smokeless Tobacco			
2402.20.10	Beedies	\$378/kgm	\$454/kgm
2403.19.11	Ang hoon packed for retail sale		
2403.19.91	Ang hoon not packed for retail sale		
2403.99.50	Chewing & sucking tobacco excluding snuff		
Unmanufactured and Cut Tobacco and Other Tobacco Refuse:			
2401.10.10	Tobacco, unmanufactured, not stemmed/stripped Virginia type, flue-cured	\$446/kgm	\$535/kgm
2401.10.20	Tobacco, unmanufactured, not stemmed/stripped Virginia type, other than flue-cured		
2401.10.40	Tobacco, unmanufactured, not stemmed/stripped, Burley type		
2401.10.50	Other tobacco, unmanufactured, not stemmed/stripped, flue-cured		
2401.10.90	Other tobacco, unmanufactured not stemmed/stripped, other than flue-cured		
2401.20.10	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Virginia type, flue-cured		
2401.20.20	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Virginia type, other than flue-cured		
2401.20.30	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Oriental type		
2401.20.40	Tobacco, unmanufactured, partly or wholly stemmed/stripped, Burley type		
2401.20.50	Other tobacco, unmanufactured, partly or wholly stemmed/stripped, flue-cured		
2401.20.90	Other tobacco, unmanufactured, partly or wholly stemmed/stripped, other than flue-cured		
2401.30.10	Tobacco stems		
2401.30.90	Other tobacco refuse		
2403.19.20	Other manufactured tobacco for the manufacture of cigarettes		

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