

Leading through uncertainty singapore budget commentary 2013

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Leading through uncertainty Singapore Budget Commentary 2013 Foreword

Greetings from your tax team at Deloitte. The Minister for Finance presented the 2013 Budget Statement on 25 February 2013 and we are pleased to provide our commentary on the tax and certain other changes proposed therein. Overall, Budget 2013 offers various tax measures and sets out the strategies to achieve quality growth and build an inclusive society for Singapore. The tax measures are further explored in our commentary. It should be noted that the commentary is our interpretation of the changes proposed in the Budget Statement. As the proposals are yet to be enacted, and the legislation to enact the proposals is yet to be published, our comments in this commentary should not be considered definitive and should, therefore, be used only as a guide. If you need any clarification or advice, please contact your usual tax advisors at Deloitte. We hope you will find this commentary useful.

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 28 29 30 31 32 39 Common abbreviations CA COE CPF CIT EDB EEIA GST
 IRAS HDB IE Singapore IPR ITA JTC MAS MPA MoF PIC PE R&D SME SPR YA :
 Capital Allowance : Certificate of Entitlement : Central Provident Fund :
 Comptroller of Income Tax : Economic Development Board : Economic
 Expansion Incentives (Relief from Income Tax) Act : Goods & Services Tax :

Inland Revenue Authority of Singapore : Housing & Development Board :
International Enterprise Singapore : Intellectual Property Right : Income Tax
Act : Jurong Town Corporation : Monetary Authority of Singapore : Maritime
Port Authority of Singapore : Ministry of Finance : Productivity and Innovation
Credit : Permanent Establishment : Research and Development : Small and
Medium Enterprise : Singapore Permanent Resident : Year of Assessment
Summary Proposed business tax changes Effective: Immediate - - - - -
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Insurance and Reinsurance Expiration of the Tax Incentive Scheme for
Family-Owned Investment Holding Companies Effective: 1 April 2013 -
Enhancement of tax incentives for insurance and reinsurance brokers
Effective: 30 September 2013 - Expiration of the further tax deduction
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Effective: 1 January 2014 - Extending and redefining Qualifying Debt
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society. Corporate income tax rebate The Minister did not propose any change in corporate tax rate. The Singapore corporate tax rate is currently 17%. The first \$300, 000 of chargeable income is, however, partially exempt from tax as follows:

Chargeable income (CI)	Portion of CI exempt from tax	Portion of CI subject to tax
For every dollar of the first \$10, 000	75%	25%
For every dollar of the next \$290, 000	50%	50%
For every dollar exceeding \$300, 000	0%	100%

Recognising that on top of high manpower costs, businesses also face other rising costs such as higher rentals, the Government has announced a special corporate income tax rebate from YA 2013 to YA 2015 to help businesses relieve their business costs. This rebate will be based on 30% of the tax payable up to a maximum rebate of \$30, 000 per YA. Based on the above, the effective tax rate for companies with chargeable income of, say, \$500, 000 is about 8. 27%.

Description	Chargeable income (B)	Less:	Exempt income	Chargeable income (after exempt income)	Tax thereon @ 17%	Less: 30% corporate income tax rebate	Tax payable (A)
	\$ 500, 000		(75% of first \$10, 000 - 50% of next \$290, 000)	(145, 000)			
				347, 500	59, 075. 00	(17, 722. 50)	41, 352. 50
							Effective tax rate (A/B) 8. 27%

Effective: YA 2013 to YA 2015 Singapore Budget Commentary 2013 3 Productivity and Innovation Credit (PIC) Scheme The PIC scheme was first introduced in Budget 2010 and further enhanced in Budget 2011 and Budget 2012. It is aimed to encourage businesses to invest in productivity and innovation with the objective of attaining long term sustainable productivity-driven economic growth. Not surprisingly, it remains a major thrust of Budget 2013 as the Government continues to encourage businesses to intensify the efforts to achieve quality growth rather than manpower-driven growth. The PIC

scheme is a broad-based tax scheme granting a total of 400% tax deduction or allowance for the first \$400, 000 of qualifying expenses incurred from YA 2011 to YA 2015 on each of the following 6 qualifying activities along the innovation value chain: (a) (b) (c) (d) (e) (f) R&D; acquisition of IPRs; registration of IPRs; approved industrial or product design projects undertaken primarily in Singapore; acquisition or leasing of qualifying PIC automation equipment; and training provided to employees so as to upgrade skills and capabilities. The enhanced deduction or allowance under the PIC scheme is available for a period of 5 years, subject to the following expenditure cap: (a) (b) YA 2011 and YA 2012 — a combined expenditure cap of \$800, 000 applies for each of the qualifying activities; and YA 2013 to YA 2015 — a combined expenditure cap of \$1, 200, 000 applies for each of the qualifying activities. Businesses (including sole proprietors and partnerships) can also make an irrevocable option to convert the qualifying expenditure into cash, subject to a minimum qualifying expenditure of \$400 per application. For the YA 2013 to YA 2015, the conversion rate is 60%, subject to a maximum expenditure cap of \$100, 000 (i. e. maximum cash payout of up to \$60, 000) per YA if they have: (a) (b) (c) incurred qualifying expenditure under the PIC during the basis period; active business operations in Singapore; and minimum three local employees (Singapore citizens or SPRs) in respect of whom the businesses have contributed CPF in the last month of the basis period for a relevant qualifying YA or last month of the financial quarter, as the case may be. The cash payout application can be made after the end of each financial quarter or combined consecutive quarters in the business' financial year. Once a qualifying expenditure is

converted into cash, the same amount is no longer available for tax deduction or allowance. The cash payout quantum cannot be combined on expenditure across the 3 YAs (i. e. YA 2013 to YA 2015) and the cash payout is tax exempt. 4 To further encourage businesses to boost their productivity and innovation, the Minister has proposed to enhance the existing PIC scheme in 3 main areas: (a) (b) (c) cash bonus for participating firms; IP licensing; and liberalisation of qualifying PIC automation equipment. PIC Bonus To encourage small businesses to undertake meaningful productivity investments, businesses that invest a minimum of \$5, 000 per YA in qualifying activities under the PIC scheme will receive a dollar-for-dollar matching cash bonus subject to an overall cap of \$15, 000 for all 3 YAs combined. The cash bonus will be paid over and above the existing PIC benefits of: (a) (b) 400% PIC tax deductions/allowances up to \$400, 000 in expenditure for each PIC qualifying activity; and/or cash payout at 60% on up to a maximum expenditure cap of \$100, 000 of the qualifying expenditure. Businesses (including sole proprietors and partnerships) qualifying for the PIC Bonus are those that have: (a) incurred at least \$5, 000 in PIC qualifying expenditure (net of grant or subsidy by the Government or any statutory board) during the basis period for the YA in which a PIC Bonus is claimed; active business operations in Singapore; and at least 3 local employees (Singapore citizens or SPRs with CPF contributions) excluding sole-proprietors, partners under contract for service and shareholders who are directors of the company. A business is considered to have met the 3 local employees condition if it contributes CPF on the payroll of at least 3 local employees: (i) in the last month of the basis period for the YA to which

the deductions/allowances relate where 400% tax deductions/allowances on qualifying PIC expenditure are claimed; or in the last month of the quarter or combined consecutive quarters to which the cash payout option relates where PIC cash payout on qualifying PIC expenditure is claimed. (b) (c) (ii)

Where 400% tax deductions/allowances are claimed in the income tax return, the IRAS will compute the amount of PIC Bonus for each YA upon filing of the income tax return. Where PIC cash payout is claimed via the PIC Cash Payout Application Form, IRAS will compute the amount of PIC Bonus upon approval of the PIC cash payout claim. Businesses can either file claims for PIC Bonus with the PIC Cash Payout Application Form up to 4 times a year; or once a year with the filing of Form C. Businesses whose PIC cash payout applications for YA 2013 and/or YA 2014 have already been approved by the IRAS will also receive the PIC Bonus. It should be noted that the PIC Bonus is taxable. The IRAS will release further details by March 2013.

Effective: YA 2013 to YA 2015 Singapore Budget Commentary 2013 5 IP in-licensing IPR is defined to mean the right to do or authorise the doing of anything which would, but for the right, be an infringement of any: (a) (b) (c) (d) (e) (f) (g) (h) patent; copyright; trademark; registered design; geographical indication; lay-out design of integrated circuit; trade secret or information that has commercial value; or grant of protection of a plant variety. Presently, businesses that license IPRs rather than acquire the IP do not qualify for the PIC Scheme. Many of these businesses are SMEs. In order to help these businesses, the Minister has proposed that the PIC scheme be enhanced to include IP in-licensing as a qualifying activity. The enhancement therefore extends the qualifying activities under “ Acquisition of IP rights” to

include IP in-licensing. Cost of IP acquisition and in-licensing of IP will be eligible for enhanced allowance/ deductions under the PIC scheme, up to a combined cap of \$400, 000 per YA. Similarly, cost of IP acquisition and in-licensing of IP will qualify for a cash payout under the PIC scheme, subject to conditions. The current PIC qualifying activity of “ Acquisition of IP rights” will be renamed to “ Acquisition and In-Licensing of IP” to reflect the change. The IRAS will release further details by April 2013. Effective: YA 2013 to YA 2015

Liberalisation of PIC automation equipment

Currently under the PIC Scheme, businesses can claim enhanced CA/deduction on the expenditure incurred to acquire or lease qualifying PIC automation equipment. PIC automation equipment is defined to mean: (a) any automation equipment that is prescribed by the Minister; or any automation equipment which the Minister or a person appointed by him has approved as PIC automation equipment. 6

A prescribed list of automation equipment can be found in the Income Tax (PIC Automation Equipment) Rules 2012. Such a list provides tax certainty to businesses for their PIC claims as automation equipment on the prescribed list qualifies for PIC automatically. Where the automation equipment is not on the prescribed list, taxpayers can apply, on a case-by-case basis, to the IRAS to seek approval to claim enhanced CA/deduction under the PIC scheme. The IRAS would assess the equipment based on the following criteria: (a) the equipment automates the current core work processes of the business; the equipment enhances the productivity of the principal trade of the business (for example in terms of reduced man-hours, more output or improved work processes); and the equipment is not a basic tool (i. e. one which is necessary for carrying out the trade or business, and is commonly

used in the industry) used in the business. If it is a basic tool: (i) the technology used in the equipment must be more advanced than or superior to the technology used in other automation equipment used by the applicant in performing a similar function in the business; or no other automation equipment performing a similar function has been used by the applicant in that business before. (c) (ii) Responding to calls from the public to make it easier and allow more equipment to qualify as PIC automation equipment, the Minister has proposed the following enhancements: (a) for equipment that is not on the prescribed list, the IRAS will assess and grant approval for PIC benefits based on the following liberalised conditions: (i) the equipment automates or mechanises, whether in whole or in part, the work processes, whether core or non-core of the business; the equipment enhances productivity of the business (for example, in terms of reduced man hours, more output or improved work processes); and equipment that is a basic tool will be allowed, so long as: (b) it increases productivity compared to the existing equipment used in the business; or it has not been used in the business before. (ii) (iii) the term " automation equipment" is also changed to " IT and automation equipment" as the PIC scheme already supports IT-related software besides automation equipment. the prescribed equipment list will be updated regularly to take into account feedback from businesses. (c) IRAS will release the updated equipment list and PIC examples on their website by 26 February 2013. Effective: YA 2013 Singapore Budget

Commentary 2013 7 Enhancements to Financial Sector Incentive (FSI) Scheme Currently, pursuant to Section 43Q of the ITA and the regulations issued thereunder, the FSI scheme comprises the following 12 awards that

grant concessionary tax rates of 5%, 10% or 12% on income from qualifying activities: Concessionary tax rate of 5% (i) FSI — Bond Market (FSI-BM) award; (ii) (iii) (iv) (v) (vi) (vii) FSI — Credit Facilities Syndication (FSI-CFS) award; FSI — Equity Market (FSI-EM) award; FSI — Islamic Finance (FSI-IF) award; FSI — Derivatives Market (FSI-DM) (Exchange-Traded Commodity Derivatives) award; FSI — DM (Financial) award; FSI — DM (Financial, Over-The-Counter and Exchange-Traded Commodity Derivatives) award; (viii) FSI — DM (Over-The-Counter Commodity Derivatives) award; (ix) FSI — DM (Over-The-Counter and Exchange-Traded Commodity Derivatives) award; Concessionary tax rate of 10% (x) FSI — Fund Management (FSI-FM) award; (xi) FSI — Headquarter Services (FSI-HQ) award; and Concessionary tax rate of 12% (xii) FSI — Standard Tier (FSI-ST) award; The FSI scheme will expire on 31 December 2013 except for the FSI-IF award which will expire on 31 March 2013. In order to continue the growth of financial sector activities in Singapore, the FSI scheme (excluding the FSI-IF) award will be extended for a further period of 5 years to 31 December 2018. The Minister has also proposed the following enhancements to the FSI scheme: (a) (b) The 5 separate FSI-DM sub-awards will be merged to form a single FSI-DM award. The FSI-BM and FSI-EM awards will be merged to form a single FSI-Capital Markets (FSI-CM) award. Currently, debt securities substantially arranged by FSI-BM award recipients may be regarded as Qualifying Debt Securities (QDS), subject to conditions under the QDS scheme. The QDS scheme will apply to debt securities substantially arranged by recipients of the FSI-CM award and FSI-ST award with effect from 1 January 2014. The range of incentivised activities and financial instruments will be broadened for the

FSI-ST, FSI-CM and FSI-CFS awards. (c) 8 (d) Withholding tax exemption will be granted automatically to FSI-HQ award recipients on interest payments made during the period of their FSI-HQ award for qualifying loans. This will take effect from 25 February 2013. The FSI-IF award will be allowed to expire on 31 March 2013. The existing qualifying Islamic Finance activities will be incentivised under the FSI-ST award. (e) Existing award recipients will continue to enjoy the concessionary tax rates under their existing awards till the end of their award tenures. There are currently different qualifying criteria for the FSI-DM sub-awards and also for the FSI-BM and FSI-EM awards. It is not yet clear what the qualifying criteria will be under the single FSI-DM and the FSI-CM awards. The MAS will release further details by end June 2013. Effective: Various dates Extending and redefining QDS and QDS+ Incentive Schemes Tax concessions are available, subject to conditions, under the QDS and QDS+ schemes, on qualifying income derived by the relevant persons. Qualifying income under these schemes refers to interest, discount, prepayment fee, redemption premium and break costs. QDS scheme The following tax concessions under the QDS scheme are, subject to conditions, available on qualifying income from QDS derived by specified persons: - - - Tax exemption for qualifying non-residents and qualifying individuals. 10% concessionary tax rate for qualifying companies and bodies of persons. 12% concessionary tax rate for FSI-ST award holders.

Withholding tax exemption for qualifying non-residents. QDS is defined in Section 13(16) of the ITA to mean: (a) (b) Singapore Government securities issued during the period from 28 February 1998 to 31 December 2013; Bonds, notes, commercial papers and certificates of deposits which are

arranged in accordance with the Income Tax (QDS) Regulations: (i) by any financial institution in Singapore and issued during the period from 28 February 1998 to 31 December 2013; or by any approved bond intermediary and issued: A) during the period from 27 February 1999 to 31 December 2013 under any prescribed programme the arrangement of which is completed on or before 31 December 2003; or (ii) Singapore Budget Commentary 2013 9 B) (iii) (c) during the period from 27 February 1999 to 31 December 2003 in any other case; or by any FSI - BM company and issued during the period from 1 January 2004 to 31 December 2013, Islamic debt securities which are arranged in accordance with the Income Tax (QDS) Regulations: (i) by any financial institution in Singapore and issued during the period from 1 January 2005 to 31 December 2013; or by any FSI - BM company and issued during the period from 1 January 2005 to 31 December 2013, (ii) but unless otherwise approved by the Minister or such person as he may appoint, excludes any debt securities issued on or after 10 May 1999 and any Islamic debt securities issued on or after 1 January 2005, which during its primary launch: (a) (b) are issued to less than 4 persons; and 50% or more of the issue of debt securities or Islamic debt securities is beneficially held or funded, directly or indirectly, by related parties of the issuer of those debt securities or Islamic debt securities. Based on the above, any debt securities issued after 31 December 2013 would not be regarded as QDS and all QDS must be substantially arranged by financial institutions in Singapore. The Minister has now announced that the QDS scheme would be extended for a further period of 5 years from 1 January 2014 to 31 December 2018. The Minister has also indicated that the requirement that the QDS

have to be substantially arranged in Singapore will be streamlined for QDS to be issued from 1 January 2014 to 31 December 2018 in order to ease compliance. The MAS has further clarified that the streamlining would be made in the following manner: (a) Where debt securities are issued under a programme set up during the period from 1 January 2014 to 31 December 2018, the programme must be wholly arranged by FSI-CM or FSI-ST award holders (qualifying programme). If a new issuer joins a qualifying programme, the participation of the new issuer must be wholly arranged by FSI-CM or FSI-ST award holders. If a debt tranche is not issued under a qualifying programme, more than half of the debt issued in that tranche must be distributed by FSI-CM or FSI-ST award holders. Where debt securities are issued during the period from 1 January 2014 to 31 December 2018 but not under a programme, more than half of the lead managers for the debt issue must be FSI-CM or FSI-ST award holders. If the FSI-CM and FSI-ST award holders are not appointed as lead managers, other proxies such as revenue or distribution work attributed to FSI-CM or FSI-ST award holders may be considered. If the issuer of the debt securities is based in Singapore, more than half of the revenue from arranging the issue must be attributed to FSI-CM or FSI-ST companies. If the issuer of the debt securities is not based in Singapore, more than half of the debt securities issued under the issuance must be distributed by FSI-CM or FSI-ST companies. (b) Further details will be released by the MAS by end June 2013. 10 QDS+ Scheme The tax exemption under the QDS+ scheme is, subject to conditions, available on qualifying income derived by all investors from the following specified QDS: (a) Debt securities (excluding Singapore Government Securities) which: (i) (ii) (iii) (iv)

(b) are issued during the period from 16 February 2008 to 31 December 2013; have an original maturity of at least 10 years; cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date. Islamic debt securities (or sukuk): (i) (ii) which are issued during the period from 16 February 2008 to 31 December 2013; and the amount payable from which is not deductible against any income of the issuer of those securities accruing in or derived from Singapore. "Islamic debt securities" is defined in Section 43N(4) of the ITA to mean debt securities and trust certificates: (a) which are endorsed by any Shari'ah council or body, or by any committee formed for the purpose of providing guidance on compliance with Shari'ah law; and the amounts payable from such securities and trust certificates are periodic and supported by a regular stream of receipts from underlying assets. (b) Based on the above, the tax exemption under the QDS+ scheme would not apply to any debt securities issued after 31 December 2013. The Minister has now announced that the QDS+ scheme would be extended for a further period of 5 years from 1 January 2014 to 31 December 2018. In addition, as most debt securities have early termination clauses as a standard feature to allow issuers to redeem the securities under prescribed circumstances, debt securities with standard early termination clauses will be allowed, subject to conditions, to qualify for the tax exemption under the QDS+ scheme upon issuance. The MAS has further clarified that debt securities with such clauses that can be exercised within 10 years from the date of issue will continue to be excluded from the QDS+ scheme. Further details will be released by the MAS by end June 2013.

Effective: 1 January 2014 Singapore Budget Commentary 2013 11 Extending the tax exemption on income derived by primary dealers from trading in Singapore Government Securities (SGS) The SGS market is a key element of Singapore's domestic debt market. A liquid SGS market is necessary to define a benchmark yield curve, which private issuers can reference when pricing their bond issues. Primary Dealers play an essential role in SGS markets by fulfilling the role of market makers and driving the process of price discovery and trading liquidity. To encourage financial institutions to take on the role of SGS Primary Dealers, tax exemption is granted on income derived by SGS Primary Dealers from trading in SGS during the period from 27 February 1999 to 31 December 2013, under Section 43N(3)(b) of the ITA. The Minister has announced that the tax exemption on income derived by Primary Dealers from trading in SGS is extended for a further 5 years to 31 December 2018. Effective: Immediate Extending the Approved Special Purpose Vehicle Scheme (ASPV Scheme) The ASPV scheme was introduced to apply from 27 February 2004 to 31 December 2013 to support the development of Singapore structured debt market as an alternative location for risk transfer and structured finance in Asia. The ASPV Scheme offers the following tax concessions to an ASPV that is set up for the purposes of and engaged in securitisation transactions of qualifying underlying assets or risks: (a) Tax exemption on income derived by an ASPV from asset securitisation transactions entered into from 27 February 2004 to 31 December 2013. Tax exemption on any payment by an ASPV from 27 February 2004 to 31 December 2013 to qualifying non-residents, such as a person who is not a Singapore tax resident and does not have a PE in

Singapore, on over-the-counter (OTC) financial derivatives in connection with any asset securitisation transaction. Tax exemption on any payment which an ASPV is liable to make at any time during the life of an OTC financial derivative contract that is entered into from 15 February 2013 to 31 December 2013, to a person who is not a Singapore tax resident and does not have a PE in Singapore. The tax exemption for such contracts will apply for the entire duration of these contracts. Fixed GST recovery for business expenses incurred under the ASPV Scheme at the rate of 76%. To claim for GST incurred, the ASPV should submit quarterly statements to the Comptroller of GST on a calendar quarter basis. The ASPV must keep valid suppliers' tax invoices for a period of not less than 5 years to support its GST claims. Stamp duty remission under Section 74 of the Stamp Duties Act to provide relief on the instrument of transfer of assets into the ASPV for asset securitisation transactions approved by the MAS. (b) (c) (d) (e) To continue developing the structured debt market in Singapore, the ASPV Scheme will be extended for a further period of 5 years to 31 December 2018. All existing conditions of the ASPV Scheme will remain unchanged. Further details will be released by the MAS by May 2013. Effective: Immediate 12 Enhancement of Specialised Insurance Tax Incentive Scheme Currently, Section 43C of the ITA and the regulations issued thereunder provide that the following income derived by an approved specialised insurer shall be exempt from tax for a period not exceeding 5 years: (a) (b) the underwriting income derived from accepting offshore qualifying specialised insurance business; and dividends and interest derived from outside Singapore, gains or profits realised from the sale of offshore investments and interest from Asian Currency Unit

deposits derived from: (i) (ii) the investment of its insurance fund for offshore insurance business; and the investment of its shareholders' funds used to support the offshore insurance business. " Offshore qualifying specialised insurance risks" means: (a) (b) (c) (d) (e) terrorism risks; political risks; energy risks; aviation and aerospace risks; and agricultural risks. The sunset date for this scheme is 31 August 2016. With effect from 25 February 2013, the scheme will be enhanced to exempt from tax the qualifying income derived from offshore Catastrophe Excess of Loss (CAT-XOL) reinsurance layers providing coverage for more than 1 risk arising from a single event and against natural perils. All existing conditions of the scheme remain unchanged. The MAS will release further details by end April 2013. Effective: Immediate Extending the maximum tenure of the Maritime Sector Incentive — Approved International Shipping Enterprise (MSI-AIS) Award With effect from 1 June 2011, the Maritime Sector Incentive (MSI) scheme consolidated the maritime tax incentives previously offered and created 3 broad categories of tax incentives for entities based in Singapore and involved in international shipping operations, maritime leasing activities and shipping support services. The MSI scheme is administered by the MPA. Specifically, the MSI-AIS Award is intended to incentivise international shipping enterprises that base their operations in Singapore. It confers tax exemption on qualifying income derived from international shipping operations and automatic withholding tax exemption on qualifying payments made in respect of qualifying foreign loans taken to finance the purchase or construction of foreign ships. Singapore Budget Commentary 2013 13 Currently, companies are granted the MSI-AIS award for a 10-year period,

with the possibility of renewal up to a maximum tenure of 30 years, subject to conditions. To promote the growth of Singapore's maritime industry, the maximum tenure of the MSI-AIS award will be increased from 30 years to 40 years. Companies can be granted the MSI-AIS award for a 10-year period, with the possibility of renewal up to a maximum tenure of 40 years, subject to conditions. Effective: Details to be announced by the MPA Rationalising the Start-Up Tax Exemption (SUTE) Scheme Under the current SUTE scheme, a new start-up company that satisfies the qualifying conditions can claim full tax exemption on the first \$100, 000 of chargeable income, and 50% tax exemption on the next \$200, 000 of chargeable income, for each of its first 3 consecutive YAs. To qualify for the SUTE scheme, a company (including a company limited by guarantee) must: (a) (b) (c) be incorporated in Singapore; be a tax resident of Singapore for that YA; and have no more than 20 shareholders where: (i) (ii) all of the shareholders are individuals beneficially and directly holding the shares in their own names; or at least one shareholder is an individual beneficially and directly holding at least 10% of the total number of issued ordinary shares of the company, throughout the basis period for that YA. The Minister has proposed that the SUTE will no longer be available to the following: (a) Property development companies that buy or lease land and arrange for a building to be built on the land in order to lease, manage or sell the building; and Investment holding companies whose principal activity is that of investment holding and which derive only investment income such as rental, dividend, or interest income. (b) Property development companies typically incorporate a new company for each new property development, while investment holding companies

derive only passive income. The SUTE is designated to encourage entrepreneurship and is not intended for such companies. Property development and investment holding companies will however still be able to enjoy the partial tax exemption, i. e., 75% tax exemption on the first \$10,000 of chargeable income, and 50% tax exemption on the next \$290,000 of chargeable income. All existing conditions of the SUTE scheme remain unchanged. Effective: For start-ups incorporated from 26 February 2013

14 Expiration of the deduction scheme for upfront land premium Currently, under Section 14N of the ITA, deductions are granted for upfront land premium paid by a lessee in respect of a designated lease for the construction or use of a building or structure on JTC or HDB industrial land for the purposes of carrying on any qualifying activity in that building or structure, provided the lease tenure is for a period of 30 years or less during the period from 1 January 1998 to the last day of the basis period for the YA 2003 of the lessee or for a period of 60 years or less on or after the first day of the basis period for the YA 2004 of the lessee and before 28 February 2013. The lessee shall be allowed, for each YA in the basis period for which the qualifying activity is carried on, deduction of an amount of each expenditure ascertained by a prescribed formula. The above scheme was introduced in 1998 to assist lessees who pay upfront land premium in respect of leases of industrial land to encourage industrialisation. The Minister has proposed to allow the scheme to expire for leases granted on or after 28 February 2013 in view that it is no longer relevant. Effective: 28 February 2013

Expiration of the further tax deduction scheme for expenses incurred in relocation or recruitment of overseas talent To allow employers to

claim a further tax deduction in respect of prescribed expenses incurred in recruiting and relocating overseas talents and their families to Singapore, further deduction is allowed if prescribed expenses are incurred during the period from 1 October 1998 to 30 September 2013. As the objective of the scheme has now been assessed to be no longer relevant to merit a tax incentive, the scheme will be allowed to expire on 30 September 2013.

Effective: 30 September 2013 Expiration of Offshore Insurance Business Scheme for Islamic Insurance and Reinsurance Currently, Section 43C of the ITA and the regulations issued thereunder provide that qualifying income derived from offshore Islamic insurance (takaful) and reinsurance (retakaful) businesses will enjoy a 5% concessionary tax rate. This scheme was introduced in 2008 with the objective of creating a conducive environment for Islamic Finance. The sunset date of this scheme is 31 March 2013. As the objective of the scheme no longer merits a tax incentive, the scheme will be allowed to expire on 31 March 2013. Existing approved insurers will continue to enjoy the 5% concessionary tax rate for the remaining tenure of their awards. New applicants which conduct offshore Islamic insurance and reinsurance businesses after 31 March 2013 may apply to the MAS to enjoy the 10% concessionary tax rate on qualifying income under the Offshore Insurance Business Scheme. Effective: 31 March 2013

Singapore Budget Commentary 2013 15 Expiration of the Tax Incentive Scheme for Family-Owned Investment Holding Companies To create positive spinoffs to the financial sector, the Family-Owned Investment Holding Companies Incentive Scheme (the FIHC Scheme) was introduced in the 2008 Budget. The FIHC Scheme grants tax exemption on qualifying locally-sourced investment

income and foreign-sourced income to eligible family-owned investment holding companies which mirrors the tax exemption granted to individuals on the same income. This incentive will expire on 31 March 2013. As the objective of the FIHC Scheme no longer merits a tax incentive, the Minister has proposed that the scheme be allowed to expire on 31 March 2013.

Effective: 31 March 2013 Withdrawal of Overseas Enterprise Incentive (OEI)

Scheme The Overseas Enterprise Incentive was introduced in 1993 under the EEIA. An approved company under the OEI scheme is granted tax exemption on qualifying income from approved overseas investments or projects for a maximum period of 10 years. With broad-based changes to the tax regime for foreign-sourced income in past years, the scheme has now been assessed to be no longer relevant. As such, the Minister has proposed that

the scheme be withdrawn from 25 February 2013. Effective: Immediate

Withdrawal of the Approved Cyber Trader (ACT) Scheme The ACT scheme, which is administered by IE Singapore, was first introduced in the 1998

Budget and took effect from YA 1999. The ACT status is granted for a period of up to 5 years and provides for the following concessions: (a) a 10%

concessionary tax rate on incremental income from qualifying electronic commerce transactions derived by an approved company; investment

allowance of up to 50% of the cost of qualifying new fixed investments; and a full or partial exemption of withholding tax on qualifying payments made

by approved companies. (b) (c) The Minister has proposed that the ACT

scheme be withdrawn from 25 February 2013 as the objective of the scheme no longer merits a tax incentive. Effective: Immediate 16 Enhancement of

tax incentives for insurance and reinsurance brokers Currently, Section 43ZC

of the ITA and the regulations issued thereunder provide that the following income derived by an approved insurance broker on or after 1 April 2008 shall be taxed at a concessionary rate of 10% for a period of up to 10 years:

(a) the provision of direct insurance broking or reinsurance broking to any insured person or person seeking insurance coverage: (i) (ii) who is not resident in Singapore and who does not have any PE in Singapore; or who is not resident in Singapore and who carries on any operation in Singapore through a PE in Singapore where the funds used by that person to finance the premiums, brokerage fees and any other fees paid or payable to the approved insurance broker are not obtained, directly or indirectly, from the operation; and (b) the provision of risk advisory services and other advisory services relating to the insurance sector to any person: (i) (ii) who is not resident in Singapore and who does not have any PE in Singapore; or who is not resident in Singapore and who carries on any operation in Singapore through a PE in Singapore where the funds used by that person to finance the service fees paid or payable to the approved insurance broker are not obtained, directly or indirectly, from the operation. The sunset date for this scheme is 31 March 2013. The scheme will be extended for a further 5-year period until 31 March 2018. In addition, a new 5%-tier award for the offshore specialty insurance broking business will be introduced with effect from 1 April 2013. Fees and commissions derived by insurance and reinsurance brokers from the provision of qualifying speciality insurance broking and advisory services shall be taxed at a concessionary rate of 5%. The MAS will release further details by the end of April 2013. Effective: 1 April 2013

Singapore Budget Commentary 2013 17 Personal tax Personal tax rates The

Minister has not proposed any changes in the personal tax rates for YA 2013. The personal tax rate table for YA 2013 is enclosed in Appendix D. Personal tax rebate The Minister has proposed to give a one-off personal income tax rebate for resident individual taxpayers for YA 2013. The tax rebates granted are as follows: (a) (b) 30% rebate, capped at \$1, 500, for resident individual taxpayers aged below 60 years as at 31 December 2012; 50% rebate, capped at \$1, 500, for resident individual taxpayers aged 60 years and above as at 31 December 2012. Effective: YA 2013 Rationalising the taxation of accommodation benefits Currently, the taxable value of housing accommodation, hotel accommodation and furniture and fittings benefits provided by an employer to an employee is computed on concessionary bases as follows: (a) Where an employer provides housing accommodation to an employee (and the tenancy agreement is concluded by the employer with the landlord), the taxable value of housing accommodation is the lower of 10% of employment income, or the annual value of the premises, less rent paid by the employee; Where furnished housing accommodation is provided, the taxable value of furniture and fittings is computed based on the prescribed rates provided by the IRAS for each item of furniture and fittings; and The taxable value of hotel accommodation is computed based on a prescribed IRAS formula and is a function of the number of days of the hotel stay, the number of family members staying in the hotel, the latter's relationship to the employee, and 2% of the basic salary of the employee for the duration of the employee's stay at the hotel. (b) (c) To simplify tax compliance and make the tax system more equitable, the Minister has proposed to tax the accommodation benefits provided to employees

according to market value as follows: (a) The taxable value of housing accommodation provided will be the annual value of the premises, less rent paid by the employee; The taxable value of furniture and fittings will be computed based on a percentage of the annual value of the housing accommodation; and The taxable value of hotel accommodation will be the actual cost of the hotel stay benefit provided to the employee. (b) (c) The IRAS will release further details of the changes by October 2013. Effective: YA 2015 18 Phasing out the Equity Remuneration Incentive Scheme (ERIS) In the 2008 Budget, the Minister re-packaged the Employee Stock Option Plans (ESOPs) and Employee Stock Ownership Plans (ESOWs) under a new umbrella incentive scheme called the ERIS. As part of the rationalisation of tax treatment of remuneration, the Minister has proposed that the ERIS incentives will not be renewed at the expiration of the effective period proposed in the 2008 Budget. The 3 different tiers of incentives under ERIS to be phased out are as follows: ERIS (Start-Ups) ERIS (Start-Ups) scheme was introduced in the 2008 Budget to encourage start-up companies to use equity remuneration in their early years of incorporation to retain key talent. ERIS (Start-Ups) applied to stock options and share awards granted within the first 3 years of incorporation by qualifying companies, during the period from 16 February 2008 to 15 February 2013. Under the ERIS (Start-Ups) incentive, a qualifying employee of a qualifying start-up company can enjoy personal income tax exemption on 75% of up to \$10 million of qualifying stock option/share gains arising over a period of 10 years. For discounted options (i. e. where the exercise price is lower than the fair market value of the underlying shares at the time of grant), the 75% tax exemption will only

be applicable to the stock option/share gains less the amount of discount enjoyed. To qualify for ERIS (Start-Ups), the start-up company must meet the following conditions: (a) (b) (c) Have at least one individual shareholder holding at least 10% of the company; Be a Singapore incorporated company carrying on business in Singapore; and Have a market value of its gross assets of less than \$100 million at the time of grant of stock options or share awards. The ERIS (Start-Ups) incentive expired on 15 February 2013 and will not be renewed. For stock options or shares granted on or before 15 February 2013 which qualify for the ERIS (Start-Ups), the employee will continue to enjoy the partial tax exemptions under the ERIS (Start-Ups), as long as the gains are derived on or before 31 December 2023. Effective: 15 February 2013 Singapore Budget Commentary 2013 19 ERIS (All Corporations) Under the ERIS (All Corporations), where a qualifying employee is granted stock options or shares by a qualifying company under its ESOP/ESOW plan or a Group ESOP/ESOW plan operated by the parent company of the qualifying company, he can enjoy the following personal income tax exemption on the aggregate amount of gains derived from such stock options or shares of up to \$1 million over a period of 10 years from the year that he first enjoys the tax exemption: (a) (b) 100% of the first \$2, 000 annually; and 25% of the remaining annual gains. The tax exemption on the gain does not extend to the discount between the fair market value of the shares at the grant date and the price payable to purchase the shares. To qualify for the ERIS (All Corporations), the stock options granted under the ESOP/ESOW plan must satisfy several conditions, one of which is that the qualifying company must offer the ESOP/ESOW to at least 50% of the total

number of its employees as at 31 December for that year of offer. In the 2008 Budget the Minister adjusted the requirement so that companies were only required to offer the ESOP/ESOW to at least 25% of its total number of employees during any year of offer of stock options and shares granted on or after 15 February 2008. The ERIS (All Corporations) incentive will expire on 31 December 2013. For stock options or shares granted on or before 31 December 2013 which qualify for the ERIS (All Corporations), the employee will continue to enjoy the partial tax exemptions under the ERIS (All Corporations), as long as the gains are derived on or before 31 December 2023 (10 years from 31 December 2013). Effective: 31 December 2013 ERIS (SMEs) Under the ERIS (SMEs) scheme, a qualifying employee of a Singapore incorporated company with a gross asset value of \$100 million or less can enjoy personal income tax exemption on 50% of up to \$10 million of qualifying stock option/share gains arising over a period of 10 years, if certain conditions are met. For discounted options (i. e. where the exercise price is lower than the fair market value of the underlying shares at the time of grant), the 50% tax exemption will only be applicable to the stock option/share gains less the amount of discount enjoyed. The ERIS (SMEs) incentive will expire on 31 December 2013. For stock options or shares granted on or before 31 December 2013 which qualify for the ERIS (SMEs), the employee will continue to enjoy the partial tax exemptions under the ERIS (SMEs), as long as the gains are derived on or before 31 December 2023 (10 years from 31 December 2013). Effective: 31 December 2013 20 Changes to CPF contribution rates for lower-income workers The CPF contribution rates for low-wage workers were reduced in 2007 to enhance

their employability. The Minister has proposed that employer contribution rates will be restored fully (to the same level as workers of the same age who earn \$1, 500 or more) from 1 January 2014. The employee contribution rates will also be brought to the normal levels for these workers as follows:

(a) For employees with monthly income from \$750 to \$1, 500, the employee CPF contribution rates will be increased immediately to the full employee CPF contribution rates of workers who earn \$1, 500 or more; and For employees with monthly income between \$500 and \$750, the employee CPF contribution rates will be gradually increased from 0% to the full employee CPF contribution rates of workers who earn \$1, 500 or more. (b) The Medisave contribution rates for Self-Employed Persons (SEPs) earning Net Trade Income (NTI) of between \$6, 000 and \$18, 000 per annum will also be increased from 1 January 2014. The changes in rates are as follows: (a) For NTI above \$6, 000 to \$12, 000 per annum, the SEPs will be contributing half of the full Medisave contribution rates relevant to their age group (an increase from the current one-third). This will result in an increased range of contribution rates from 3. 50% to 4. 75% (from the current 2. 33% to 3. 17%) For NTI above \$12, 000 to \$18, 000 per annum, the contribution rates will be gradually increased with income from half of the full rate to the full contribution rate. The increased range of contribution rates will be as follows:

(i) (ii) (iii) (iv) From 3. 50% to 7% for SEPs below 35 years old (from the current 2. 33% to 3. 17%); From 4% to 8% for SEPs from 35 years old to below 45 years old (from the current 2. 67% to 8%); From 4. 5% to 9% for SEPs from 45 years old to below 50 years old (from the current 3% to 9%); and From 4. 75% to 9. 5% for SEPs from 50 years old and above (from the

current 3. 17% to 9. 5%). (b) Effective: 31 December 2013 Singapore Budget Commentary 2013 21 Others Increase in excise taxes for tobacco products

With effect from 25 February 2013, excise duties will be increased for 17 line items of tobacco products. The specific changes are as follows: HS Code Product description Excise Duty Rate before 25 February 2013 \$347 per kg \$347 per kg \$347 per kg \$347 per kg \$347 per kg \$347 per kg \$347 per kg \$347 per kg \$347 per kg \$347 per kg \$347 per kg \$347 per kg \$239 per kg \$239 per kg \$347 per kg \$239 per kg New Excise Duty Rate With effect from 25 February 2013 \$352 per kg \$352 per kg \$352 per kg \$352 per kg \$352 per kg \$352 per kg \$352 per kg \$352 per kg \$352 per kg \$352 per kg \$352 per kg \$299 per kg \$299 per kg \$352 per kg \$299 per kg 24011010 24011020 24011040 24011050 24011090 24012010 24012020 24012030 24012040 24012050 24012090 24013010 24013090 24022010 24031911 24031920 24039950 Tobacco, unmanufactured, not stemmed or stripped, Virginia type, flue-cured Tobacco, unmanufactured, not stemmed or stripped, Virginia type, not flue-cured Tobacco, unmanufactured, not stemmed or stripped, Burley type Other tobacco, unmanufactured, not stemmed or stripped, flue-cured Other tobacco, unmanufactured, not stemmed or stripped, not flue-cured Tobacco, unmanufactured, partly or wholly stemmed or stripped, Virginia type, flue-cured Tobacco, unmanufactured, partly or wholly stemmed or stripped, Virginia type, not flue-cured Tobacco, unmanufactured, partly or wholly stemmed or stripped, Oriental type Tobacco, unmanufactured partly or wholly stemmed or stripped, Burley type Other tobacco, unmanufactured, partly or wholly stemmed or stripped, flue-cured Other tobacco,

unmanufactured partly or wholly stemmed or stripped, not flue-cured Tobacco stems Other tobacco refuse Beedies cigarettes Ang Hoon packed for retail sale Other manufactured tobacco for the manufacture of cigarettes Chewing & sucking tobacco excluding snuff Excise duties for other tobacco products remain unchanged. Effective: Immediate 22 Progressive property tax rates for residential properties Currently, the annual property tax rate is 10% on the annual value for all properties. However, owner-occupied residential property tax rates are as follows: Annual Value First \$6, 000 Next \$59, 000 Amount exceeding \$65, 000 Progressive Tax Rate (%) 0 4 6 To achieve greater social equity, the Minister has proposed to widen the 0% property tax band and raise property tax rates for high-end residential properties. In addition, new marginal property tax rates have been proposed for investment properties that are not owner-occupied. The proposed owner-occupied residential property tax rates are as follows: Annual Value First \$8, 000 Next \$47, 000 Next \$5, 000 Next \$10, 000 Next \$15, 000 Next \$15, 000 Next \$15, 000 Next \$15, 000 Amount exceeding \$130, 000 Progressive Tax Rate (%) from 1 January 2014 0 4 5 6 7 9 11 13 15 Progressive Tax Rate (%) from 1 January 2015 0 4 6 6 8 10 12 14 16 The proposed non-owner-occupied residential property tax rates are as follows: Annual Value First \$30, 000 Next \$15, 000 Next \$15, 000 Next \$15, 000 Next \$15, 000 Amount exceeding \$90, 000 Progressive Tax Rate (%) from 1 January 2014 10 11 13 15 17 19 Progressive Tax Rate (%) from 1 January 2015 10 12 14 16 18 20 Non-residential properties will continue to be subject to tax at the rate of 10% of annual value. Effective: 1 January 2014 and 1 January 2015

Singapore Budget Commentary 2013 23 Removal of property tax refund

concession for vacant properties Currently, the following categories of vacant properties are eligible for the property tax refund concession or remission: (a) Properties (whether residential or not) that are vacant, despite reasonable efforts by the owners to find a tenant, can get full property tax refund for the duration that they are vacant; Properties (whether residential or not) undergoing repairs to render them fit for occupation can get full property tax refund for the duration that they are vacant; and Residential properties that are intended for owner-occupation but undergoing building works can get a remission of property tax for a maximum period of 2 years. The property must be owner-occupied for at least 1 year after the completion of the building works. (b) (c) However, the following categories of vacant properties are not eligible for the property tax refund concession or remission: (i) Residential properties that are demolished and reconstructed are taxed at 10%. However, if they are intended for owner-occupation, the owners can apply to the IRAS to be taxed at the owner-occupier residential property tax rates for a maximum period of 2 years. The property must be owner-occupied for at least 1 year after the completion of the construction works; and Vacant land that is undergoing new development is taxed at the prevailing property tax rate of 10% during the period of development. (ii) To be more in line with property tax as a tax on property ownership and for consistency in the tax treatment of unoccupied buildings, the Minister has proposed to remove the property tax refund concession or remission and streamline the tax treatment of vacant properties as follows: (i) Residential properties that are unoccupied despite reasonable efforts by the owners to find a tenant will be taxed at the same property tax rates as non-owner-

occupied residential properties; Non-residential properties that are undergoing repairs for the purpose of rendering them fit for occupation or are vacant despite reasonable efforts by the owners to find a tenant will be taxed at the prevailing property tax rate of 10% for non-residential properties; Residential properties undergoing repairs or building works that are intended for owner-occupation can be taxed at the owner-occupier tax rates for residential properties for the duration of the repairs or building works (up to a maximum of 2 years) upon application to the IRAS, subject to the condition that the property must be owner-occupied for at least 1 year after the completion of the repairs or building works; and Vacant land undergoing residential development intended for owner-occupation can be taxed at the owner-occupier tax rates for residential properties for the duration of the residential development (up to a maximum of 2 years) upon application to the IRAS, subject to the condition that the property must be owner-occupied for at least 1 year after the completion of the residential development. All other vacant land will continue to be taxed at 10% during the development period. (ii) (iii) (iv) Effective: 1 January 2014 24 Road tax rebate Currently, the road tax for goods vehicles (including goods-cum-passenger vehicles), buses and taxis ranges from \$340 to \$2, 976 per vehicle per year. To relieve business costs, the Minister has proposed a 30% rebate on road tax for goods vehicles (including goods-cumpassenger vehicles), buses and taxis for 1 year. With the road tax rebates, there may be cases of overpayment of road tax beyond the effective date of 1 July 2013 based on the prevailing road tax rates. The Land Transport Authority has announced that the excess road tax paid would automatically be used to

offset the road tax payable at the next renewal. If the vehicle is transferred before its next road tax renewal, any excess road tax paid will be used to offset the transfer fee payable, and any remaining excess road tax paid will be transferred along with the vehicle to the next registered owner. Effective:

1 July 2013 Reducing concessionary foreign domestic worker (FDW) levy

Currently, an employer who has hired a FDW is required to pay either 1 of the following 2 FDW levies at the end of each month: (a) Normal FDW levy of \$265; or Concessionary FDW levy of \$170. An employer can apply for the concessionary FDW levy of \$170 if he/she has Singaporean dependants such as children, elderly parents and family members with disabilities living with him/her. To reduce costs for these families, effective from 1 March 2013, the concessionary FDW levy will be reduced from \$170 to \$120 per month. The normal FDW levy will remain unchanged at \$265 per month.

Effective: 1 March 2013 Singapore Budget Commentary 2013 25 New tiered

Additional Registration Fee structure for vehicles Currently, all cars are subject to an Additional Registration Fee (ARF) at a flat rate of 100% of their Open Market Value (OMV). As part of the Government's objective to ensure a fair and more inclusive society, a new tiered ARF structure has been introduced for passenger cars and taxis, including private passenger cars, goods-cum-passenger vehicles, imported used cars and vintage normal (transferable) vehicles. New tiered ARF structure The new tiered ARF structure is as follows:

Vehicle OMV	ARF rate
On the first \$20, 000 of the OMV	100% of OMV
On the next \$30, 000 of the OMV	140% of OMV
OMV exceeding \$50, 000	180% of OMV

Notwithstanding the introduction of the new tiered ARF structure, the Preferential Additional Registration Fee (PARF

rebate) will remain unchanged. Effective: 26 February 2013 or first COE bidding exercise in March 2013

Wage Credit Scheme (WCS)

To support businesses in raising workers' wages and to incentivise employers to share productivity gains with their employees, the Government will co-fund wage increases given in 2013 to 2015. Under the scheme, the Government will co-fund 40% of wage increases given to Singaporean employees earning a gross monthly wage of up to and including \$4,000. Gross monthly wage is defined as the total wages (including basic salary and additional wages like overtime pay and bonuses but excluding employer CPF contributions) paid by the employer to the employee in the calendar year, divided by the number of months in which CPF contributions were made. To qualify for co-funding in 2013, the employee must be employed for at least 3 months in 2012 and the employer must have paid the employee's CPF contributions for at least 3 months in 2013. Government-related entities and entities not registered in Singapore are excluded from the WCS. The Government will co-fund any increase in wages given to any eligible Singaporean employee between 2013 and 2015, over his or her wage level in the preceding year. Co-funding will apply for the year of increase and for the rest of the 2013-2015 period.

26 As illustration: (a) If the monthly wage increase in 2013 is \$200, the Government will co-fund \$80 of the increase in 2013, 2014 and 2015. If the monthly wage increases by another \$200 in 2014, the Government will co-fund an additional \$80 in 2014 and 2015. If a further increase of \$200 is given in 2015, the Government will co-fund another \$80 in 2015. This means that, at the end of 3 years, the employee will receive a total of \$14,400 more in wages, of which the Government would have co-

funded \$5, 760. (b) (c) (d) There is no need to apply for the WCS. The wage credits will be automatically paid out to employers annually. The first payout will be in the second quarter of 2014 and the last payout will be in 2016.

Once an employee's gross monthly wage exceeds \$4, 000, the portion of wage increase that brings the gross monthly wage above \$4, 000 will not be eligible for co-funding under WCS. Effective: Years 2013 to 2015 Renewal of COE for commercial vehicles Currently, at the end of the 10-year validity period of the COE, vehicle owners may choose to de-register their vehicle or to revalidate their COEs for another 5 years or pay more for a 10-year COE renewal. The cost of revalidating the COE is based on the Prevailing Quota Premium. The Prevailing Quota Premium is the 3-month moving average of the Quota Premium for the respective vehicle category. If the COE is not revalidated, the vehicle will be de-registered at the expiry of the COE. A COE extended for 5 years cannot be further revalidated. This means that at the end of the 5-year extended period, the vehicle will be de-registered. To ease the cash flow and provide flexibility to commercial vehicle owners, the Minister has proposed to allow owners of commercial vehicles who choose to revalidate their COEs for 5 years in the first instance to renew their COEs further for another 5 years. More details will be provided by the Ministry of Transport. Effective: To be announced Singapore Budget Commentary 2013

27 Appendix A Singapore corporate tax rates For the YAs 1959 to 2013

Year	1993	1994	1997	1999	2000	2001	2002	2003	2005	2008	2010	2011	2012	2013
1991	1990	1987	1959	0. 0%	+ 17. 0%	17. 0%	17. 0%	17. 0%	17. 0%	18. 0%	20. 0%	22. 0%	24. 5%	25. 5%
26. 0%	23. 4%	26. 0%	27. 0%	30. 0%	31. 0%	32. 0%	33. 0%	40. 0%	10. 0%					

20. 0% 30. 0% 40. 0% A corporate income tax rebate at 30% of the tax payable up to a maximum rebate of \$30, 000 A one-off SME cash grant of 5% of revenue, capped at \$5, 000 A one-off corporate income tax rebate or SME cash grant computed at higher of: - 20% of YA 2011 corporate income tax payable, capped at \$10, 000 (corporate income tax rebate); or - 5% of revenue, capped at \$5, 000 (SME cash grant) ; # Î© * ^ 75% of first \$10, 000 and 50% of next \$290, 000 of chargeable income are exempt from tax 75% of first \$10, 000 and 50% of next \$90, 000 of chargeable income are exempt from tax For qualifying new companies, the first \$100, 000 chargeable income and 50% of the next \$200, 000 chargeable