

SINGAPORE BUDGET 2022



What you need to know about Singapore Budget 2022: A Summary

Key changes introduced in the Singapore Budget 2022 delivered by Finance Minister, Lawrence Wong on 18 February 2022:

ITEMS	For BUSINESSES	For INDIVIDUALS
Cash Grants	<ul style="list-style-type: none"> (i) \$1,000 per local employee, up to a cap of \$10,000 per firm for SMEs in affected sectors* (ii) \$1,000 one-off grant for these groups which do not hire local employees: <ul style="list-style-type: none"> >> Sole proprietors and partnerships in eligible sectors* >> SFA-licensed hawkers, market and coffeeshop stallholders (iii) Jobs Growth Incentive - is extended to Sep 2022 to support hiring of mature and vulnerable workers 	<ul style="list-style-type: none"> (i) GSTV - U-Save Rebates - Double U-Save rebates (up to \$285 more) for eligible households for Apr to Dec 2022 (ii) Top-ups to Education-Related Accounts \$200 to-up for Singaporean Children aged 20 and below in 2022. (iii) Community Development Council (CDC) Vouchers \$100 vouchers for Singaporean households, to be used at participating heartland merchants and hawkers in 2022
Other Grants	<ul style="list-style-type: none"> (i) Skills Future Enterprise Credit More SMEs eligible due to waiver of Skills Development Levy contribution requirements. Up to \$10,000 credit to offset up to 90% of expenses for transformation initiatives (ii) Productivity Solutions Grant (PSG) To implement digital and automation solutions to raise productivity. Subsidised accounting and point of sale solutions to support GST adjustments. (iii) Advanced Digital Solutions (ADS) Up to 70% funding support for qualifying costs of digital solutions from 1 Apr 2022 (iv) Grow Digital 70% co-funding to onboard-cross-border digital platforms from 1 April 2022. 	

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Financing Schemes	<p>(i) Temporary Bridging Loan Programme Extend to 30 Sep 2022, with revised parameters</p> <p>(ii) Enterprise Enhanced Trade Loan - extended to 30 Sep 2022. 70% risk-share for more nascent markets beyond Sep 2022.</p> <p>(iii) Enterprise Enhanced Project Loan - extended to 31 Mar 2023 to support domestic construction projects.</p> <p>Enterprise Merger and Acquisition (M&A) Loan Extended to include domestic M&A activities from 1 April 2022 to 31 March 2026.</p>	
Carbon Tax	<p>(i) Increased from \$5/tonne to \$25/tonne in 2024 to 2025, and \$45/tonne in 2026 to 2027.</p> <p>Allow use of carbon credits for up to 5% of taxable emissions from 2024.</p>	<p>For households, the higher carbon tax will be felt mainly through increase in utility bills. At \$25/tonne, this would see an increase of about \$4/month for an average 4-room HDB household. Additional U-Save rebates will be announced next year to help cushion the impact on households.</p>
Workers	<p>(i) The Skill Development Levy requirement will be waived for the period of Jan 1 to Dec 31, 2022. The deadline to claim the credit will be extended by a year to Jun 30, 2024.</p> <p>(i) Employment Pass Holder Workers From September 2022, the minimum qualifying salary for new EP applicants will be raised from \$4,500 to \$5,000. For the financial sector, this will be raised to \$5,500 from the current \$5,000.</p> <p>(ii) S Pass Holder Workers The minimum qualifying salary for new applicants will be raised from the current \$2,500 to \$3,000 in September 2022. For the financial services sector, there will be a higher minimum qualifying salary of \$3,500. The Tier 1 Levy will also be raised progressively from the current \$330 to \$650 by 2025.</p>	<p>(i) Workfare Income Supplement:</p> <p>(a) The qualifying income cap will be increased from the current \$2,300 to \$2,500 per month from 1 Jan, 2023.</p> <p>(b) A minimum income criterion will be set at \$500 per month to encourage part-timers and casual workers to take-up full time work.</p> <p>(c) Workfare will be extended to a maximum payout of \$2,100 for younger workers from aged 30 to 34.</p> <p>(d) a maximum annual payout for other age groups will also be enacted:</p> <p>>> Aged 35 to 44: Increase to \$3,000</p> <p>>> Aged 45 to 59: Increase to \$3,600</p> <p>>> Aged 60 and above: Increase to \$4,200</p>

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	<p>(iii) Work Permit Holder Workers The Dependency Ratio Ceiling (DRC) - the maximum permitted ratio of foreign workers to the total workforce that a company in the specific sector is allowed to hire - will be reduced from 1:7 to 1:5.</p> <p>(iv) Progressive Wage Credit Scheme (PWCS) to co-fund wage increases for workers earning up to \$2,500. Starting with a \$2 billion injection, the PWCS fund will support wage increases for lower-wage workers in the next 5 years.</p>	
GST	<p>(i) The GST increase will be delayed to 2023 and the increase will be staggered over two phases:</p> <ul style="list-style-type: none"> >> with effect from 1 Jan, 2023, from 7% to 8%; and >> with effect from 1 Jan, 2024, from 8% to 9%. 	<p>(i) Assurance Package is enhanced to cushion the impact of GST hike and provide payouts to Singaporeans over the next 5 years:</p> <ul style="list-style-type: none"> (a) every adult Singaporean will receive cash payouts totalling \$700 - \$1,600. (b) Eligible Seniors will receive a special GSTV - Cash (Senior's Bonus) totalling \$600 to \$900. (c) Eligible HDB household will receive additional U-Save rebates totalling \$330 to \$570, depending on flat type. (d) All Singaporean Children and seniors will receive MediSave top-ups totalling \$450. (e) All Singaporean household will receive two tranches of CDC Vouchers worth \$200 each in 2023 and 2024. <p>(ii) GSTV Scheme is enhanced:</p> <ul style="list-style-type: none"> (a) The Service and Conservancy Charges Rebate will be made a permanent component of the scheme. (b) The Asseable income threshold for GSTV-Cash will increase from \$28,000 to \$34,000. (c) There will be an increase in the quantum of the GSTV-Cash payout to \$500 for those residing in homes with annual value of \$13,000 and below; \$250 for those residing in homes with annual value of between \$13,000 to \$21,000.

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Personal Income Tax Rate (PIT)		(i) The top marginal PIT rate will be increased with effect from Year of Assessment 2024: >> The portion of chargeable income in excess of \$500,000 up to \$1 million will be taxed at 23%, while that in excess of \$1 million will be taxed at 24%.
Property Tax (PT)		(i) PT rates for non-owner occupied residential properties: >> increased from 10%-20% to 12%-36% (ii) PT rates for owner-occupied residential properties: >> increased from 4%-16% to 6%-32%
Luxury Car Tax		(i) Additional ARF tier will be introduced for cars at a rate of 220% for the portion of Open Market Value in excess of \$80,000.00
CPF Contributions		(i) Workers aged 55 to 70 will witness a total increase of 3 to 4 percentage points in their CPF contribution rates over the next two years. (ii) The CPF Basic Retirement Sum (BRS) will be raised by 3.5% per year for the next five cohorts turning 55 from 2023 to 2027. There is no requirement for members to top up their CPF if they are unable to set aside their BRS.

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About Braven Tan

Braven possesses more than 20 years of audit and financial advisory experience. He has extensive accounting and audit experience with professional accounting firms (including Ernst & Young and KPMG). He serves clients in statutory audits and special assignments ranging from privately held companies, public listed companies and multinational companies across a broad spectrum of industries as well as non-profit organisations.

In addition, he had more than 10 years of management experience in operations, finance and accounting with commercial organisations. He was a Chief Financial Officer of a company listed in Singapore Stock Exchange (SGX). Braven was also an Independent Non-Executive Director and Audit Committee Chairman of a Singapore company with manufacturing plants based in China listed in Bursa Malaysia.

He is proficient in English and Mandarin. He specialises in assisting companies based in China and ASEAN that seek listings on various stock exchanges including, but not limited to, the Singapore Exchange, Stock Exchange of Hong Kong and Bursa Malaysia.

Braven is a Fellow and Practicing Member of the Institute of Singapore Chartered Accountants (ISCA), a Fellow of the Association of Chartered Certified Accountants in the United Kingdom and a member of the ASEAN Chartered Professional Accountant (ASEAN CPA).

About Eric Leaw

Eric is an Accredited Tax Advisor (Income Tax & GST) of the Singapore Chartered Tax Professionals (SCTP). He is also a non-practicing member of the Institute of Singapore Chartered Accountants (ISCA). Eric has more than 20 years of experience in audit, accounting and taxation, in particular, spent more than 10 years in the field of advisory.

Eric oversees and manages a diversified portfolio of clients in areas of accounting, corporate tax, GST and Individual taxes. He is also frequently engaged in accounting and tax advisory in aspects like corporate tax planning & restructuring, international tax advisory, transactional accounting & tax advisory, benchmarking and transfer pricing documentation, assisting clients in income tax/GST audit and investigation by tax authorities, conducting GST ASK review and tax risk check and assessment. He served a wide-range of clientele from the various industries, including Shipping, Schools, Property Developer, Pulp and Paper, Mining, Manufacturing, Logistics, Healthcare, IT & Software, Food, Energy, Electronics, Defence, construction, Clubs and Associations, Chemical, Automotive and Aerospace.

*Singapore Chartered Tax Professionals (SCTP) formerly known as the Singapore Institute of Accredited Tax Professionals (SIATP)

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