Singapore Budget 2023

HLB ATREDE
ADVISORY AND ACCOUNTING

14 February 2023

Dear Valued Customers,

Finance Minister Lawrence Wong delivered the Singapore Budget 2023 today, outlining a series of initiatives aimed at strengthening our social compact and providing more assurance for families and our seniors, keeping our economy competitive and innovative, and building a collective resilience to external disruptions and shocks. All these initiatives aim to prepare Singapore and Singaporean for a way forward in a new post-pandemic era.

We are pleased to share with you some of the key highlights from the Singapore Budget 2023 in a format that suits busy executives in the business community. The highlights will be summarised and categorised into the following main topics:

1. Key Tax Changes Affecting Businesses – Annex A;
2. Key Tax Changes Affecting Personal Individuals and Others – Annex B;
3. Enterprise Innovation Scheme – Annex C
4. Support for Households – Annex D;
5. Key CPF Changes – Annex E;
6. Progressive Wage Credit Scheme – Annex F;
7. CPF Housing Grant for First-Time Homebuyers Purchasing Resale HDB Flats – Annex G; and
8. Vehicular Tax Changes – Annex H.

The Singapore Budget 2023 has shed light on a future trend that the government will have limited ability to use tax policies to influence economic decisions and attract businesses, due to the impending implementation of the GloBE rules under the BEPS 2.0 Projects Pillar 2. This new international tax framework is expected to be implemented in Singapore in 2025, which will have significant implications for the country's tax policies and strategies. As a result, the government is likely to use other tools such as grants and subsidies to attract businesses and investments in Singapore, while continuing to maintain a competitive tax regime that encourages innovation and growth. Consequently, the possibilities of expecting a reduction in corporate income tax rate in the future are becoming less likely as the government has to balance the need to attract businesses with the need to comply with international tax rules.

We hope that this information will be useful in helping you to understand the key initiatives and changes to tax and economic policies of Singapore announced in the Singapore Budget 2023, and how they may impact you and your business or industry.

Thank you.

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ANNEX A:

TAX CHANGES AFFECTING BUSINESSES

[1] Global Anti-Base Erosion (GloBE) Rules and Domestic Top-up Tax (DTT)

In Budget 2022, Minister for Finance announced that in response to DTT (formerly referred to as “Minimum Effective Tax Rate (METR)”) under the Pillar 2 GloBE rules of the Base Erosion and Profit Shifting (BEPS) 2.0 Project, and based on consultation with industry stakeholders, MOF would study the introduction of a top-up tax.

GloBE is a set of international tax rules proposed by the OECD to prevent multinational enterprises (MNEs) from shifting profits to low-tax jurisdictions to avoid paying taxes in higher-tax jurisdictions. GloBE aims to ensure that MNEs pay a minimum level of tax globally.

Whereas the DTT is a tax mechanism that Singapore has implemented to comply with GloBE rules. The tax applies to profits that are subject to an effective tax rate of less than 15% in the foreign jurisdiction, and the top-up tax rate in Singapore is set at the prevailing corporate tax rate of 17%.

Singapore plans to implement the GloBE rules and DTT from businesses’ financial year starting on or after 1 January 2025.

[2] The Double Tax Deduction for Internationalisation (DTDi) Scheme

Currently the DTDi is in place until 31 December 2025. Under the DTDi scheme, businesses are allowed a tax deduction of 200% on qualifying market expansion and investment development expenses, subject to prior approval from EnterpriseSG or STB.

Budget 2023 enhances the DTDi scheme to include a new qualifying activity “e-commerce campaign” to support businesses in their efforts to overcome initial challenges and build up capabilities in internationalizing via e-commerce. The scope covers the following e-commerce campaign startup expenses paid to e-commerce platform/service providers:

(a) Advisory on market promotion and execution plans;

(b) Assistance with setting up accounts on e-commerce platforms, and the right to sell on e-commerce platforms;

(c) Design of e-commerce campaign publicity material; and

(d) Uploading content on product/services to e-commerce platforms, and selection of suitable frequency and timing to display content on products/services.

Prior approval is required from EnterpriseSG to enjoy DTDi on the new qualifying activity. For each business, EnterpriseSG will only approve DTDi support for e-commerce campaigns for a maximum period of one year applied on a per-country basis.

The above enhancement will take effect for qualifying e-commerce campaign startup expenses incurred on or after 15 February 2023. EnterpriseSG will provide further details of the changes by 28 February 2023

ANNEX A:

TAX CHANGES AFFECTING BUSINESSES (Cont'd)

[3] Option to Accelerate the Write Off of the Cost of Acquiring Plant and Machinery (P&M)

The option applies to businesses who incur capital expenditure on the acquisition of P&M in the basis period for YA2024 (i.e., financial year ending in 2023). The rates of accelerated capital allowance (CA) allowed are as follows:

(a) 75% of the cost incurred to be written off in the first year; and

(b) 25% of the cost incurred to be written off in the second year.

This option, if exercised, is irrevocable. No deferment of CA claims is allowed under the above option.

[4] Option to Accelerate the Deduction for Renovation or Refurbishment (R&R) Expenditure

The option applies to businesses who incur qualifying expenditure on R&R during the basis period for YA2024 (i.e., financial year ending in 2023). Businesses can elect the option to claim R&R deduction in one YA instead of over 3 consecutive Yas. The Cap of $300,000 for every relevant period of 3 consecutive YAs will still apply. This option, if exercised, is irrevocable.

[5] Investment Allowance (IA) Scheme

The IA scheme provides an additional tax allowance for businesses which incur qualifying fixed capital expenditure on approved projects. This is calculated as a percentage of the amount of capital expenditure incurred, net of grants, on an approved project.

The IA scheme, which is administered by the Singapore Economic Development Board, Building and Construction Authority, and EnterpriseSG, is scheduled to lapse after 31 December 2023.

To continue encouraging businesses to make capital investments in plant and productive equipment in Singapore, the IA scheme will be **extended till 31 December 2028**.

[6] Investment Allowance (IA) – 100% Scheme for Automation Projects

Businesses can enjoy 100% IA support on the amount of approved capital expenditure, net of grants, for automation projects approved by EnterpriseSG. The IA-100% scheme is scheduled to lapse after 31 March 2023.

The IA-100% scheme will be **extended till 31 March 2026**, with the same parameters.

ANNEX A:

TAX CHANGES AFFECTING BUSINESSES (Cont'd)

[7] Pioneer Certificate Incentive (PC) and Development and Expansion Incentive (DEI)

Under the PC, recipients are eligible for corporate tax exemption on income from qualifying activities. Under the DEI, recipients are eligible for concessionary tax rates of 5% or 10% on qualifying income. The PC and DEI are scheduled to lapse after 31 December 2023.

The PC and DEI will be **extended till 31 December 2028**.

[8] IP Development Incentive (IDI)

The IDI aims to support companies that use and commercialise IP rights arising from R&D in Singapore. Under IDI, recipients are eligible for concessionary tax rates of 5% or 10% on a percentage of qualifying IP income. The IDI is scheduled to lapse after 31 December 2023.

The IDI will be **extended till 31 December 2028**.

[9] Qualifying Debt Securities (QDS) Scheme

The QDS scheme offers the following tax concessions on qualifying income from QDS:
a) 10% concessionary tax rate for qualifying companies and bodies of persons in Singapore; and
b) Tax exemption for qualifying non-residents and qualifying individuals.

The scope of qualifying income under the QDS scheme will be streamlined and clarified such that it includes all payments in relation to early redemption of a QDS. To ensure continued relevance, the requirement that the QDS has to be substantially arranged in Singapore will be rationalised, as follows:

(i) For all debt securities that are issued on or after 15 February 2023, they must be substantially arranged in Singapore by a financial institution holding a specified licence (instead of a FSI company).
(ii) For ILS that are issued on or after 1 January 2024, if they are unable to meet the condition in (a) above, at least 30% of the ILS issuance costs incurred by the issuer must be paid to Singapore businesses.

The QDS scheme is scheduled to lapse after 31 December 2023. To continue supporting the development of Singapore's debt market, the QDS scheme will be **extended till 31 December 2028**.

ANNEX A:

TAX CHANGES AFFECTING BUSINESSES (Cont'd)

[10] Tax Exemption on Income Derived by Primary Dealers from Trading in Singapore Government Securities (SGS)

The tax exemption is scheduled to lapse after 31 December 2023. To continue supporting primary dealers and encourage trading in SGS, the tax exemption on income derived by primary dealers from trading in SGS will be **extended till 31 December 2028**.

[11] Tax Incentive Scheme for Approved Special Purpose Vehicle (ASPV) Engaged in Asset Securitisation Transactions (ASPV Scheme)

The ASPV scheme grants the following tax concessions to an ASPV engaged in asset securitisation transactions:

(a) Tax exemption on income derived by an ASPV from asset securitisation transactions;
(b) Goods and Services Tax (GST) recovery on its qualifying business expenses at a fixed rate of 76%; and
(c) WHT exemption on payments to qualifying non-residents on over-the-counter financial derivatives.

The ASPV scheme is scheduled to lapse after 31 December 2023. To continue developing the structured debt market, the ASPV scheme will be **extended till 31 December 2028**.

Instead of a fixed rate of 76%, the GST recovery rate will be the prevailing GST recovery rate/methodology accorded to licensed full banks under MAS for the specific year in question. All other tax concessions and conditions of the ASPV scheme remain the same.

Further, to support the issuance of covered bonds in Singapore, a new sub-scheme named ASPV (Covered Bonds) will be introduced for the special purpose vehicle holding the "cover pool" in relation to the covered bonds as defined in MAS Notice 648. The ASPV (Covered Bonds) scheme will take effect from 15 February 2023 to 31 December 2028 and will be administered by MAS.

[12] The Financial Sector Incentive (FSI) Scheme

The FSI scheme accords concessionary tax rates of 5%, 10%, 12% and 13.5% on income from qualifying banking and financial activities, headquarters and corporate services, fund managing and investment advisory services.

The FSI scheme is scheduled to lapse after 31 December 2023. The FSI scheme will be **extended till 31 December 2028**.

ANNEX A:

TAX CHANGES AFFECTING BUSINESSES (Cont'd)

[12] The Financial Sector Incentive (FSI) Scheme (Cont'd)

The existing concessionary tax rates will be streamlined to two tiers of 10% and 13.5% for new and renewal awards approved on or after 1 January 2024, as follows:

(a) FSI-Capital Market, FSI-Derivatives Market and FSI-Credit Facilities Syndication – from 5% to 10%;
(b) FSI-Fund Management and FSI-Headquarter Services – remain at 10%;
(c) FSI-Trustee Companies – from 12% to 13.5%; and
(d) FSI-Standard Tier – remain at 13.5%.

[13] Tax Deduction for Expenditure Incurred on Building Modifications for Benefit of Disabled Employees

Under section 14F of the ITA, employers can claim tax deductions for approved expenditure incurred on any addition or alteration to business premises for the purpose of facilitating the mobility or work of any disabled employee, subject to a one-off cap of $100,000.

The scheme will be withdrawn **from 15 February 2023**.

ANNEX B:

TAX CHANGES AFFECTING PERSONAL INDIVIDUALS AND OTHERS

[1] Working Mother's Child Relief (WMCR)

Born On	**14 Feb 2023 – 31 Dec 2023**	**1 Jan 2024 onwards**
1st Child	15% of mother's earned income	$ 8,000
2nd Child	20% of mother's earned income	$10,000
3rd Child and beyond	25% of mother's earned income	$12,000

This change will take effect from the YA2025.

[2] Foreign Domestic Worker Levy Relief (FDWLR)

The FDWLR will be lapsed for all taxpayers with effect **from the YA2025**.

[3] Buyer's Stamp Duty (BSD) Rates

Higher of Purchase Price or Market Value of the Property	**BSD Rate before 15 Feb 2023**		**BSD Rate on/after 15 Feb 2023**	
	Residential Property	Non-residential Property	Residential Property	Non-residential Property
First $180,000	1%	1%	1%	1%
Next $180,000	2%	2%	2%	2%
Next $640,000	3%	3%	3%	3%
Amount exceeding $1,000,000	4%		N.A.	N.A.
Next $500,000	N.A.	N.A.	4%	4%
Next $1,500,000	N.A.	N.A.	5%	5%
Amount exceeding $3,000,000	N.A.	N.A.	6%	

There will be a transitional provision, where the BSD rates on or before 14 February 2023 will apply for cases that meet all the conditions below:

a) The Option to Purchase (OTP) was granted by sellers to potential buyers on or before 14 February 2023;
b) This OTP is exercised on or before 7 March 2023, or within the OTP validity period, whichever is earlier; and
c) This OTP has not been varied on or after 15 February 2023.

ANNEX B:

TAX CHANGES AFFECTING PERSONAL INDIVIDUALS AND OTHERS (Cont'd)

[3] Grandparent Caregiver Relief (GCR)

Working mothers who engage the help of their parents, grandparents, parents-in-law or grandparents-in-law (including parents or grandparents of an ex-spouse) to take care of their young children may claim the GCR, subject to conditions.

One of the conditions is that the caregiver was not carrying on any trade, business, profession, vocation or/and employment in the year preceding the YA of claim.

To give caregivers the flexibility to do some incidental work, working mothers will be able to claim GCR in respect of caregivers who have trade, business, profession, vocation or/and employment income, as long as the caregivers' total income from these activities does not exceed $4,000 in the year preceding the YA of claim, if they have met all other conditions.

This change will take effect from the YA2024.

ANNEX C:

ENTERPRISE INNOVATION SCHEME

[1] Enhanced Tax Deduction for Staff Costs and Consumables Incurred on Qualifying R&D Projects Conducted in Singapore

Currently, businesses can claim a 100% tax deduction for all qualifying R&D expenditure incurred on qualifying R&D projects under section 14C of the Income Tax Act 1947 (ITA). Section 14D of the ITA provides an additional 150% tax deduction for staff costs and consumables incurred on qualifying R&D projects conducted in Singapore.

Announced in Budget 2023, the enhanced tax deduction will allow businesses to enjoy a 400% tax deduction for the first $400,000 of staff costs and consumables incurred on qualifying R&D projects conducted in Singapore for each Year of Assessment (YA) from YA2024 to YA2028.

[2] Enhanced Tax Deduction for Qualifying IP Registration Costs

Qualifying IP Registration Costs incurred (on Patents/Trademarks/Designs/Plant varieties)	Current	Incurred for each YA from YA2024 to YA2028
First $100,000 / $400,000, respectively	200% tax deduction	400% tax deduction
Subsequent $	100% tax deduction	100% tax deduction

[3] Enhanced Tax Allowance/ Deduction for Acquisition and Licensing of Qualifying IP Rights

Current:

Capital expenditure incurred on the “Acquisition” of qualifying IP Rights	100% writing-down allowance
The first $100,000 incurred on “Licensing” of qualifying IP Rights	200% tax deduction
Subsequent costs incurred on licensing of qualifying IP Rights	100% tax deduction

Budget 2023 Enhancement:
Tax allowance/ deductions of 400% for the first $400,000 of qualifying expenditure incurred on the acquisition and licensing of qualifying IP Rights for each YA from YA2024 to YA2028. The expenditure cap of $400,000 is applied across IP Rights acquisition and licensing collectively.

The enhancement will only be available to business that generate less than $500 million in revenue in the relevant YA.

ANNEX C:

ENTERPRISE INNOVATION SCHEME (Cont'd)

[4] Enhanced Tax Deduction for Qualifying Training Expenditure

Today, businesses can claim a 100% tax deduction on training expenditure as a deductible business expense.

Announced in Budget 2023, the enhancement will allow businesses to enjoy a tax deduction of 400% for the first $400,000 of qualifying training expenditure incurred for each YA from YA2024 to YA2028.

The enhancement is only applicable to qualifying training expenditure incurred on courses that are eligible for SkillsFuture Singapore funding and aligned with the Skills Framework. The list of courses that are eligible is available on go.gov.sg/eis-training.

[5] Introduce Tax Deduction for Innovation Projects Carried Out with Polytechnics, the Institute of Technical Education (ITE) or Other Qualified Partners

To encourage businesses to kickstart their innovation journey by tapping on existing technical and innovation capabilities within the polytechnics, the ITE or other qualified partners (collectively termed as partner institutions), the Government will introduce a new tax deduction where businesses can claim a 400% tax deduction for up to $50,000 of qualifying innovation expenditures incurred on qualifying innovation projects carried out with partner institutions for each YA from YA2024 to YA2028.

The current list of partner institutions include:

a) Singapore Polytechnic
b) Ngee Ann Polytechnic
c) Republic Polytechnic
d) Nanyang Polytechnic
e) Temasek Polytechnic
f) The Institute of Technical Education
g) Precision Engineering Centre of Innovation at A*STAR SIMTech

Qualifying innovation projects with partner institutions refer to projects that predominantly involve one or more of the following innovation activities:

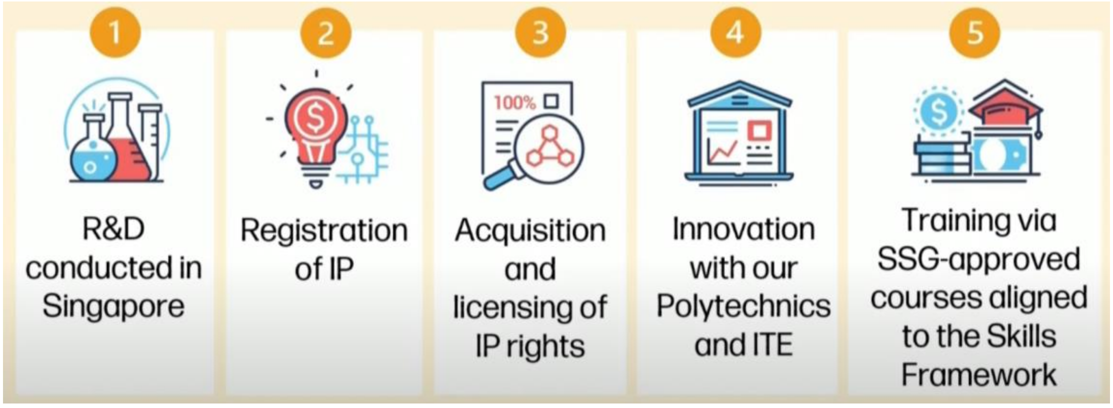
a) Research and experimental development activities;
b) Engineering, design, and other creative work activities;
c) IP-related activities; and
d) Software development and database activities.

The relevant partner institutions will validate the project as a qualifying innovation project and issue the innovation project invoice. Expenditure incurred outside of the collaboration with the partner institution will not qualify for this tax deduction.

ANNEX C:

ENTERPRISE INNOVATION SCHEME (Cont'd)

[6] Cash Conversion/ Cash Payout under Enterprise Innovation Scheme



Eligible businesses can opt for a non-taxable cash payout at a cash conversion ratio of 20% on up to $100,000 of total qualifying expenditure across all qualifying activities (described under (1) to (5) above) for each YA, in lieu of tax deductions/allowances.

The cash payout will be capped at $20,000 per YA. Applications for the cash payout are to be submitted together with the filing of the businesses' income tax returns.

Eligible businesses refer to companies, registered business trusts, partnerships and sole-proprietorships with at least three full-time local employees (Singapore Citizens or Permanent Residents who are paid CPF contributions) earning a gross monthly salary of at least $1,400, in employment for six months or more, in the basis period of the relevant YA.

ANNEX D:

SUPPORT FOR HOUSEHOLDS

GSTV – CASH: (NEW)

Singaporeans Aged 21 Years and Above in Reference Year with AI of $34,000 and Below	Owns 0 to 1 Property Annual Value (AV) of Property AV ≤ $13,000	Owns 0 to 1 Property Annual Value (AV) of Property $13,000 < AV ≤ $21,000
GSTV – Cash in 2022 [Announced at Budget 2022]	$400	$250
GSTV – Cash in 2023 [Announced at Budget 2022] [Newly announced at Budget 2023]	$500 $700	$250 $350
GSTV – Cash from 2024 [Newly announced at Budget 2023]	$850	$450

GSTV – MEDISAVE (NO CHANGE)

GSTV – MediSave benefits senior Singapore citizens

(i) who are aged 65 and above;

(ii) whose residential address is a property with an AV that does not exceed $21,000; and

(iii) who do not own more than one property

Age of Singaporean in 2023	Owns 0 to 1 Property Annual Value (AV) of Property AV ≤ $13,000	Owns 0 to 1 Property Annual Value (AV) of Property $13,000 < AV ≤ $21,000
65 to 74 years	$250	$150
75 to 84 years	$350	$250
85 years and above	$450	$350

The above GSTV – MediSave is payable in August every year in addition to the AP MediSave payable in February each year. All eligible Singaporean aged (i) 20 years and below, or (ii) 55 years and above, will be entitled for the AP MediSave payment to their MediSave account over 2023 to 2025 as follows:

Age of Singaporean in Disbursement Year	20 Years and Below	55 Years and Above
Feb 2023	$150	
Feb 2024	$150	
Feb 2025	$150	
Total	**$450**	

ANNEX D:

SUPPORT FOR HOUSEHOLDS (Cont'd)

GSTV – U-SAVE (NO CHANGE)

GSTV – U-Save benefits eligible Singaporean households living in HDB flats whose household members do not own more than one property.

HDB Flat Type	January Regular U-Save	April Regular U-Save	July Regular U-Save	October Regular U-Save	Total U-Save Per Year
1- and 2-room	$95	$95	$95	$95	**$380**
3-room	$85	$85	$85	$85	**$340**
4-room	$75	$75	$75	$75	**$300**
5-room	$65	$65	$65	$65	**$260**
Executive / Multi-generation	$55	$55	$55	$55	**$220**

GSTV – SERVICE AND CONSERVANCY CHARGES REBATE (NO CHANGE)

GSTV – Service and Conservancy Charges Rebate (GSTV – S&CC Rebates) benefits eligible Singaporean households living in HDB flats. Households with no Singapore citizen flat owner or occupier in the flat, whose flat owner(s) or essential occupier(s) own or have any interest in a private property, or have rented out the entire flat, are not eligible for the GSTV – S&CC Rebates.

HDB Flat Type	Number of Months of S&CC Rebate				
	January	April	July	October	Total per Year
1- and 2-room	0.5	1.0	1.0	1.0	**3.5**
3- and 4-room	0.5	1.0	0.5	0.5	**2.5**
5-room	0.5	0.5	0.5	0.5	**2.0**
Executive / Multi-generation	-	0.5	0.5	0.5	**1.5**

COMMUNITY DEVELOPMENT COUNCIL VOUCHERS (CDC Vouchers) (ENHANCED)

CDC Vouchers benefit every Singaporean household. The $300 CDC Vouchers will be allocated equally and can be used at participating heartland merchants and hawkers, as well as participating supermarkets.

Disbursement Period	CDC Vouchers	CDC Supermarket Vouchers	Total
January 2023	$150	$150	$300
January 2024	$150	$150	$300 (Previously $200)
Total	$300	$300	$600

ANNEX D:

SUPPORT FOR HOUSEHOLDS (Cont'd)

ASSURANCE PACKAGE (AP) – CASH (ENHANCED)

AP – Cash benefits all eligible adult Singaporeans

(i) aged 21 years and above;

(ii) with Assessable Income of not more than $100,000; and

(iii) who do not own more than one property

Singaporeans Aged 21 Years and Above in Reference Year	Disbursement Period	Owns 0 to 1 Property Assessable Income (AI) AI ≤ $34,000	 $34,000 < AI ≤ $100,000	 AI > $100,000	Owns > 1 Property
2023	**Dec 2022**	$200	$150	$100	$100
2024	**Dec 2023**	$600 (+ **$200**)	$350 (+ **$100**)	$200	$200
2025	**Dec 2024**	$600 (+ **$200**)	$350 (+ **$100**)	$200	$200
2026	**Dec 2025**	$600 (+ **$200**)	$350 (+ **$100**)	$100	$100
2027	**Dec 2026**	$250 (+ **$50**)	$150	$100	$100
Total		$2,250 (+ **$650**)	$1,350 (+ **$300**)	$700	$700

** Figures in brackets represent the change in amount over what had been announced at Budget 2022.

2023 COST-OF-LIVING (COL) SPECIAL PAYMENT (NEW)

2023 COL Special Payment benefits all eligible adult Singaporean citizens,

(i) who are aged 21 years and above in 2023;

(ii) with Assessable Income of not more than $100,000; and

(iii) who do not own more than one property.

Singaporeans Aged 21 Years and Above in 2023 Assessable Income (AI)	 Owns 0 to 1 Property	 Owns More Than 1 Property
AI ≤ $22,000	$400	Not eligible
$22,000 < AI ≤ $34,000	$300	
$34,000 < AI ≤ $100,000	$200	
AI > $100,000	Not eligible	

ANNEX D:

SUPPORT FOR HOUSEHOLDS (Cont'd)

2023 COL SENIOR'S BONUS (NEW)

2023 COL Senior's Bonus is a one-off payment in addition to the current AP Seniors' Bonus (f.k.a. GSTV – Cash (Seniors' Bonus)) benefits all eligible senior Singapore citizens,

(i) who are aged 55 years and above;

(ii) with Assessable Income of not more than $34,000;

(iii) whose residential address is a property with an AV that does not exceed $21,000; and

(iv) who do not own more than one property.

Basic Criteria	Owns not more than 1 Property + Assessable Income not more than $34,000			
Annual Value (AV) of Property	AV not more than $13,000		AV more than $13,000 but less than $21,000	
Age of Singaporean in Disbursement Year	55 to 64 years	65 years and above	55 to 64 years	65 years and above
FEB 2023	$500 (AP $250 + COL $250)	$600 (AP $300 + COL $300)	$400 (AP $200 + COL $200)	
FEB 2024	$250	$300	$200	
FEB 2025	$250	$300	$200	

2023 COL U-SAVE SPECIAL PAYMENT (NEW)

2023 COL U-Save Special Payment benefits all eligible Singaporean households living in HDB flats whose members do not own more than one property. With the 2023 COL U-Save Special Payment, eligible households will receive double the amount of the regular GSTV – U-Save. This will help offset Singaporean HDB households' utilities expenses.

Owns 0 to 1 Property									
HDB Flat Type	January 2023		April 2023		July 2023		October 2023		Total U-Save for 2023
	Regular U-Save	AP U-Save	Regular U-Save	COL U-Save	Regular U-Save	COL U-Save	Regular U-Save	COL U-Save	
1- and 2-room	$95	$95	$95	$95	$95	$95	$95	$95	$760
3-room	$85	$85	$85	$85	$85	$85	$85	$85	$680
4-room	$75	$75	$75	$75	$75	$75	$75	$75	$600
5-room	$65	$65	$65	$65	$65	$65	$65	$65	$520
Executive / Multi-generation	$55	$55	$55	$55	$55	$55	$55	$55	$440

ANNEX D:

SUPPORT FOR HOUSEHOLDS (Cont'd)

2023 TOP-UPS TO CHILD DEVELOPMENT ACCOUNT, EDUSAVE ACCOUNT, AND POST-SECONDARY EDUCATION ACCOUNT (NEW)

Age of Singaporean in 2023	Date of Birth (Both Dates Inclusive)	Account Receiving Top-up	Amount	Estimated Timeline
0 – 6 years	Between 1 Jan 2017 and 31 Dec 2023	CDA	$400	From Sep 2023
7 – 16 years	Between 1 Jan 2007 and 31 Dec 2016	Edusave	$300	May 2023
17 – 20 years	Between 1 Jan 2003 and 31 Dec 2006	PSEA	$300	May 2023

Each Singaporean child will receive a one-off top-up to the relevant account, depending on his/her age and/or academic level. The above one-off 2023 top-up to the Edusave account is in addition to the annual Edusave contribution by the Government.

ANNEX E:

KEY CPF CHANGES

[1] INCREASE IN SENIOR WORKER CPF CONTRIBUTION RATES

Announced in 2019, the Government targeted to raise CPF contributions of those aged 55 to 70 years gradually over the next decade to a comparable level with the CPF contribution rates as younger workers. The table below shows the current and target CPF contribution rates (Employer + Employee) by age band:

Age Band	2016–2021	Current CPF Contribution Rates (As of 1 January 2023)	By ~2030
≤55	37.0%	No change	
>55 to 60	26.0%	29.5%	37.0%
>60 to 65	16.5%	20.5%	26.0%
>65 to 70	12.5%	15.5%	16.5%
>70	12.5%	No change	

The next increase in senior worker CPF contribution rates will take place on 1 January 2024. Announced in the Budget 2023, the Government will provide employers with a one-year CPF transition Offset equivalent to half of the 2024 increase in employer CPF contribution rates as shown below table:

Age Band	CPF Contribution Rates from 1 January 2024			CPF Transition Offset for 2024
	Total	Employer	Employee	
≤55	No change			
>55 to 60	31.0% (+1.5%-pt)	15.0% (+0.5%-pt)	16.0% (+1%-pt)	0.25%-pt
>60 to 65	22.0% (+1.5%-pt)	11.5% (+0.5%-pt)	10.5% (+1%-pt)	0.25%-pt
>65 to 70	16.5% (+1%-pt)	9.0% (+0.5 %-pt)	7.5% (+0.5%-pt)	0.25%-pt
>70	No change			

Notes:
1. The CPF contribution rates are stated as a percentage of wages.
2. The percentage point figures in parentheses refer to the increase in CPF contribution rates from 1 January 2024, compared to current rates as of 1 January 2023.

The CPF Transition Offset will be provided automatically and employers do not need to apply for the offset.

ANNEX E:

KEY CPF CHANGES (Cont'd)

[2] INCREASE IN MINIMUM CPF MONTHLY PAYOUTS FOR SENIORS ON THE RETIREMENT SUM SCHEME

Government is committed to providing targeted support for seniors who has less financial resources in retirement. To this end, the Silver Support Scheme has bee introduced, which covers one-third of all seniors aged 65 and above. The scheme provides quarterly cash supplements of up to $900 to eligible seniors, in addition to their CPF payouts and other forms of government support like the Workfare Income Supplement and ComCare. Many seniors also receive additional retirement support from their loved ones and personal savings.

The minimum monthly payout that seniors on the Retirement Sum Scheme (RSS) can receive through CPF is currently $250. In the Budget 2023, the government has announced plans to increase the minimum monthly payout to $350 for all seniors on the RSS, starting from 1 June 2023. This means that seniors who are currently receiving less than $350 per month will see an increase in their monthly payouts. The payouts will continue until their CPF savings are depleted. Seniors on the RSS can also choose to join CPF LIFE at any time before they turn 80 to receive lifelong payouts.

[3] INCREASE IN THE CPF MONTHLY SALARY CEILING

	CPF Monthly Salary Ceiling	CPF Annual Salary Ceiling
Current	$6,000	$102,000
From 1 September 2023	$6,300 (+$300)	
From 1 January 2024	$6,800 (+$500)	
From 1 January 2025	$7,400 (+$600)	
From 1 January 2026	$8,000 (+$600)	

[4] CPF FOR PLATFORM WORKERS (PWs) AND CPF TRANSITION SUPPORT SCHEME FOR PWs

PWs are individuals who earn income through digital platforms or online marketplaces, such as Uber, Grab, Foodpanda, or Amazon. These workers provide various services, including ride-hailing, food delivery, e-commerce fulfilment, and online content creation.

To improve the retirement and housing adequacy of Platform Workers (PWs), in November 2022, the Government accepted the Advisory Committee on Platform Workers' ("the Committee") recommendation to align CPF contribution rates by PWs and Platform Companies with the rates of employees and employers respectively ("Aligned CPF Contribution Rates"), over a phase-in period of five years.

ANNEX E:

KEY CPF CHANGES (Cont'd)

[4] CPF FOR PLATFORM WORKERS (PWs) AND CPF TRANSITION SUPPORT SCHEME FOR PWs (Cont'd)

PWs who are part of mandatory cohorts and those who opt in to the Aligned CPF Contribution Rates will benefit from additional CPF contributions made by platform companies, which will be added to their total earnings. This alignment will enhance their CPF Ordinary and Special Accounts (CPF-OSA) savings, allowing them to build up more funds for retirement and finance their housing loans using CPF instead of cash. However, some PWs may face a reduction in their take-home pay due to the higher CPF contributions. To address this, the Committee has recommended that the government consider providing support to ease the impact on PWs.

T**he Government will introduce the PW CPF Transition Support (PCTS) to provide support for lower-income PWs during the phase-in period.** The PCTS will offset part of the PW's share of the year-on-year increase in CPF-OSA contribution rates from Years 1 to 4. Singaporean PWs earning $2,500 or less per month (including from platform work and other employment sources) will be eligible if they are required to or opt in to make contributions based on the Aligned CPF Contribution Rates.

More details about the PCTS will be announced at the Ministry of Manpower's Committee of Supply 2023.

ANNEX F:

PROGRESSIVE WAGE CREDIT SCHEME (PWCS)

The Progressive Wage Credit Scheme (PWCS) was introduced in Budget 2022 to provide transitional support from 2022 to 2026 for employers to adjust to the Progressive Wage moves, as well as to encourage employers to voluntarily raise the wages of their lower-wage employees.

The PWCS co-funds the wage increases that employers provide to resident lower-wage employees with gross monthly wages of up to $2,500 under a First Tier of support, and gross monthly wages above $2,500 and up to $3,000 under a Second Tier of support. The average gross monthly wage increase must be at least $100 in each qualifying year to be eligible for PWCS. Wage increases given in each qualifying year will be co-funded for two years, if the wage increase is sustained. This is to help employers manage the compounding effect of wage increases.

To further strengthen support for employers in uplifting lower-wage employees, the Government will enhance PWCS co-funding support for wage increases in the qualifying year 2023

Qualifying Year	Payout Period	First Tier	Second Tier
		Gross Monthly Wage Ceiling ≤ $2,500	Gross Monthly Wage Ceiling > $2,500 and ≤ $3,000
2022	Q1 2023	75%	45%
2023	Q1 2024	75% (+25%-pt)	45% (+15%-pt)
2024	Q1 2025	30%	15%
2025	Q1 2026	30%	-
2026	Q1 2027	15%	-

Notes:

1. The co-funding levels from 2022 to 2026 are expressed as a percentage of the applicable wage increase.
2. The co-funding levels for wage increases in qualifying year 2022 were enhanced in June 2022's support package, from 50% to 75% for the First Tier, and from 30% to 45% for the Second Tier.

ANNEX G:

CPF Housing Grant for First-Time Homebuyers Purchasing Resale HDB Flats

[1] For First-Timer Families

Monthly Household Income	Proximity Housing Grant	First-Timer Families[1]		Maximum Total Grants: 2- to 4-room Flat / 5-room or Larger Flat
		CPF Housing Grant[2] [Increased in Budget 2023]	Enhanced CPF Housing Grant	
$1,500 or less	$30,000 for those living with their parents or children; $20,000 for those living within 4km of their parents or children	**$80,000** for 2- to 4-room flat (+$30,000) **$50,000** for 5-room or larger flat (+$10,000)	$80,000	$190,000 / $160,000
$1,501 to $2,000			$75,000	$185,000 / $155,000
$2,001 to $2,500			$70,000	$180,000 / $150,000
$2,501 to $3,000			$65,000	$175,000 / $145,000
$3,001 to $3,500			$60,000	$170,000 / $140,000
$3,501 to $4,000			$55,000	$165,000 / $135,000
$4,001 to $4,500			$50,000	$160,000 / $130,000
$4,501 to $5,000			$45,000	$155,000 / $125,000
$5,001 to $5,500			$40,000	$150,000 / $120,000
$5,501 to $6,000			$35,000	$145,000 / $115,000
$6,001 to $6,500			$30,000	$140,000 / $110,000
$6,501 to $7,000			$25,000	$135,000 / $105,000
$7,001 to $7,500			$20,000	$130,000 / $100,000
$7,501 to $8,000			$15,000	$125,000 / $95,000
$8,001 to $8,500			$10,000	$120,000 / $90,000
$8,501 to $9,000			$5,000	$115,000 / $85,000
$9,001 to $14,000			n.a.	$110,000 / $80,000
More than $14,000		n.a.	n.a.	$30,000 regardless of flat type

Notes:

1. First-Timer families refer to couples or families comprising at least two Singapore Citizens (SCs) or one SC and one Singapore Permanent Resident (SPR) who have not enjoyed any housing subsidies before, meet the prevailing monthly income ceiling of $14,000, and do not own or have an interest in a private property in the last 30 months prior to flat application. For SC/SPR households, HDB will withhold part of the housing subsidies for the purchase of subsidised flats. The withheld subsidy will be restored when the SPR member in the household obtains Singapore citizenship or when the couple has an SC child.
2. Figures in bold indicate post-enhancement amounts and the figures in parenthesis indicate the increase over the current CPF Housing Grant for First-Timer families.

ANNEX G:

CPF Housing Grant for First-Time Homebuyers Purchasing Resale HDB Flats (Cont'd)

[2] For First-Timer Singles

Monthly Household Income	Proximity Housing Grant	First-Timer Singles[1] CPF Housing Grant[2] [Increased in Budget 2023]	First-Timer Singles[1] Enhanced CPF Housing Grant	Maximum Total Grants: 2- to 4-room Flat / 5-room Flat
$750 or less	$15,000 for those living with their parents or children; $10,000 for those living within 4km of their parents or children	**$40,000** for 2- to 4-room flat (+$15,000) **$25,000** for 5-room or larger flat (+$5,000)	$40,000	$95,000 / $80,000
$751 to $1,000			$37,500	$92,500 / $77,500
$1,001 to $1,250			$35,000	$90,000 / $75,000
$1,251 to $1,500			$32,500	$87,500 / $72,500
$1,501 to $1,750			$30,000	$85,000 / $70,000
$1,751 to $2,000			$27,500	$82,500 / $67,500
$2,001 to $2,250			$25,000	$80,000 / $65,000
$2,251 to $2,500			$22,500	$77,500 / $62,500
$2,501 to $2,750			$20,000	$75,000 / $60,000
$2,751 to $3,000			$17,500	$72,500 / $57,500
$3,001 to $3,250			$15,000	$70,000 / $55,000
$3,251 to $3,500			$12,500	$67,500 / $52,500
$3,501 to $3,750			$10,000	$65,000 / $50,000
$3,751 to $4,000			$7,500	$62,500 / $47,500
$4,001 to $4,250			$5,000	$60,000 / $45,000
$4,251 to $4,500			$2,500	$57,500 / $42,500
$4,501 to $7,000			n.a.	$55,000 / $40,000
More than $7,000		n.a.	n.a.	$15,000 regardless of flat type

Notes:

1. First-Timer singles refer to Singapore Citizens who have not enjoyed any housing subsidies before, meet the prevailing monthly income ceiling ($14,000 if purchasing with family members or other singles, $7,000 if purchasing alone), and do not own or have an interest in a private property in the last 30 months prior to flat application. Illustrations in table depict income ceilings for singles purchasing alone.
2. Figures in bold indicate post-enhancement amounts, and the figures in parenthesis indicate the increase over the current CPF Housing Grant for First-Timer singles.

ANNEX H:

VEHICULAR TAX CHANGES

[1] ADDITIONAL REGISTRATION FEE (ARF) CHANGES

Current ARF Rates

Open Market Value (OMV)	ARF Rate
First $20,000	100% of OMV
Next $30,000	140% of OMV
Next $30,000	180% of OMV
In excess of $80,000	220% of OMV

New ARF Rates

OMV	ARF Rate
First $20,000	100% of OMV
Next $20,000	140% of OMV
Next $20,000	190% of OMV
Next $20,000	250% of OMV
In excess of $80,000	320% of OMV

The new ARF structure will apply to all new and imported used cars and GPVs registered with Certificate of Entitlements (COEs) obtained from the second bidding exercise in February 2023 onwards. The second COE bidding exercise in February 2023 will take place from 20 to 22 February 2023.

For cars that do not need to bid for COEs (e.g. taxis, classic cars), the new ARF structure will apply for those registered on or after 15 February 2023.

[2] PREFERENTIAL ADDITIONAL REGISTRATION FEE REBATE (PARF REBATE) CHANGES

Current PARF Rebate

Age of Vehicle at Deregistration	PARF Rebate
Age ≤ 5 years	75% of ARF paid
5 years < Age ≤ 6 years	70% of ARF paid
6 years < Age ≤ 7 years	65% of ARF paid
7 years < Age ≤ 8 years	60% of ARF paid
8 years < Age ≤ 9 years	55% of ARF paid
9 years < Age ≤ 10 years	50% of ARF paid
Age > 10 years	Nil

Changes announced in Budget 2023:

- **PARF Rebates will be capped at $60,000.**

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About Eric Leaw

Eric graduated in ACCA and started his career in Audit. He has practising tax for more than 10 years and now he 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 & payroll, 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 & payroll, 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, payroll management & 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, Retails and Wholesales, Healthcare, IT & Software, Food, Energy, Electronics, IT & e-commerce Operators, Defence, construction, Clubs and Associations, Lawyer Firms, Chemical, Assets Management, Automotive and Aerospace, and invested entities of Temasek Holdings.

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