Complete Corporate Services

MOORE

CCS-MS SINGAPORE BUDGET WEBINAR 2022



PROGRAMME OUTLINE

TIME	AGENDA
3:00 pm	Introduction and Opening Address **Mr. Lim Peng Huat**
3:05 pm to 3:20 pm	Highlights/ Summary of Key Budget Changes **Ms. Puah Mei Pin**
3:20 pm to 3:35 pm	Special topic: Getting Ready for the GST Hike **Ms. Lao Mei Leng & Ms. Law Pei Serh**
3:35 pm to 3:40 pm	Break
3:40 pm to 4:00 pm	Economic and Market Outlook 2022: Risks and Opportunities **Guest Speaker: Mr. Song Seng Wun**
4:00 pm to 4:20 pm	Singapore Economic Outlook and Budget 2022 – Beyond the Pandemic **Guest Speaker: Mr. Irvin Seah**
4:20pm to 4:30pm	Break
4:30pm to 5:00pm	**Panel Discussion** Guest Speaker: Mr. Song Seng Wun Guest Speaker: Mr. Irvin Seah Mr. Lim Peng Huat Ms. Law Pei Serh Ms. Puah Mei Pin
5:00 pm	End of Webinar



LIM PENG HUAT

SENIOR DIRECTOR & HEAD, TAXATION SERVICES

COMPLETE CORPORATE SERVICES (CCS)

Introduction and Opening Address

SPEAKERS:
LIM PENG HUAT

Complete Corporate Services



SCAN TO CONNECT TO ME ON LINKEDIN:

LIM PENG HUAT

SENIOR DIRECTOR & HEAD,
TAXATION SERVICES

COMPLETE CORPORATE SERVICES (CCS)

Peng Huat is a Senior Director and Head of Taxation Services at Complete Corporate Services (CCS). He has over 30 years of experience in conducting various public accounting and taxation services in Singapore and the United Kingdom.

He was previously with the Inland Revenue Authority of Singapore where he was involved in the reviewing of business transaction and tax investigation assignments and has also provided direct and indirect taxation advices to public companies and large private companies on a range of issues, including cross border trade and operations corporate restructuring exercises and GST.

He has also participated in dialogue sessions held by the Ministry of Finance and is regularly in contact with the Maritime and Port Authority of Singapore to discuss shipping tax issues.

Peng Huat is a member of the Association of Chartered Certified Accountants (UK), member of the Institute of Singapore Chartered Accountants (ISCA) and is an Accredited Tax Advisor (Income Tax and Goods & Services Tax) with the Singapore Institute of Accredited Tax Professionals Limited (SIATP).



PUAH MEI PIN

DIRECTOR, TAXATION SERVICES

COMPLETE CORPORATE SERVICES (CCS)

Key Highlights of the 2022 Budget Measures

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SPEAKERS:
PUAH MEI PIN

Complete Corporate Services



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DIRECTOR,
TAXATION SERVICES

COMPLETE CORPORATE SERVICES (CCS)

Mei Pin is a Director of Taxation Services at Complete Corporate Services (CCS) with more than 16 years of experience. She is well versed in Singapore income tax law and practice, as well as international tax planning and advisory.

Mei Pin handles a wide spectrum of portfolio which includes multinational, local (including SMEs) and listed companies. These companies are in various industries such as biotechnology, pharmaceutical, healthcare, information technology and infrastructure, industrial manufacturing and trading, energy and resources, shipping as well as consumer products and services.

Mei Pin is well versed in Singapore income tax law and practice. She has advised companies on major merger and acquisition deals (both sell-side and buy-side), corporate structuring (for inbound and outbound investments), cross-border taxation matters and assisted entities to be listed on Exchanges. Mei Pin has extensive experience in dealing with the tax authorities to resolve complex tax audits/ issues.

Mei Pin is a Non-practicing Singapore Chartered Accountant, ISCA as well as a Graduate and Member of the Association of Chartered Certified Accountants, UK.

Key Highlights



1 GLOBAL TAX DEVELOPMENTS

Minimum Effective Tax Rate ("METR") Regime

Singapore will study the introduction of METR at 15% for multinational corporations ("MNCs") with consolidated group revenue of at least EUR750 million operating in Singapore.

2 SINGAPORE GREEN PLAN

Increased Carbon Tax to Accelerate Net-Zero Emissions

2024 – S$25/tonne
2026 – S$45/tonne
2030 – S$50 – S$80/tonne

Allow use of carbon credits for up to 5% of taxable emissions by 2024.



3 BUSINESS CASH FLOW NEEDS

Temporary Bridging Loan Programme ("TBLP") and the Enterprise Financing Scheme - Trade Loan ("EFS-TL")

Extended for another 6 months to 30 September 2022.

Enterprise Financing Scheme - Project Loan ("EFS-PL")

Extended till 1 March 2023 to support construction enterprises.

Enterprise Financing Scheme - Merger & Acquisition Loan ("EFS-M&A")

Enhanced for 4 years, from 1 April 2022 to 31 March 2026, to include domestic M&A activities. This will support enterprises to expand through M&A.

4 EXTENSION & ENHANCEMENT OF TAX SCHEMES FOR BUSINESSES

The following ongoing tax schemes have been extended and/or enhanced in Budget 2022:

a) Withholding Tax Exemption Schemes
b) Aircraft Leasing Scheme
c) Approved Royalties Incentive
d) Approved Foreign Loan Scheme
e) Including Licensed Insurer to the Tax Framework
f) Tax incentives for Project and Infrastructure Finance



5 JOBS AND BUSINESS SUPPORT

These schemes include the following:

Small Business Recovery Grant

- S$1,000 per local employee, up to a cap of S$10,000 per eligible SMEs in affected sectors (such as the F&B, retail, tourism and hospitality)
- S$1,000 flat payout for eligible sole proprietorships and partnerships that do not hire local employees

Job Growth Incentive (JGI)

- Extended to September 2022 to support the hiring of mature works aged 40 and above, as well as vulnerable workers

Progressive Wage Credit Scheme (“PWCS”)

- Government to co-fund wage increases from 2022 to 2026 to support affected employers

Workfare Income Supplement Scheme

- Government to co-fund wage increases from 2022 to 2026 to support affected employers

6 PERSONAL INCOME TAX

Increased Top Marginal Personal Tax Rate with effect from YA 2024

The marginal personal tax rate for chargeable income in excess of S$500,000 up to S$1 million is 23%. The marginal personal tax rate for chargeable income in excess of S$1 million is 24%.

7 WEALTH TAX

Enhancement of Progressivity of Property Tax

Effective 1 January 2023,

- Owner-occupied residential properties in excess of S$30,000 annual value: 5% - 23% (up from 4% - 16%) wef 1.1.23, and 6% - 32% wef 1.1.24
- Non-owner-occupied residential properties: 11% - 27% (up from 10% - 20%) wef 1.1.23, and 12% - 36% wef 1.1.24

Additional Registration Fee (“ARF”) for Cars

220% tax for cars with OMV in excess of S$80,000.

8 GOODS AND SERVICES TAX (“GST”)

GST Rate Hike

- From January 2023 - 8%
- From January 2024 - 9%

Thoughts

Is this the year of growth?

Your take? What's next?

- Over-reliance on the Government to provide permanent support and instead, focused on long-term measures – Is this just THE START?
- Climate changes are real – are our GREEN transition plans taking off too slow?
- A fairer tax system – wealth tax can be expected to be a HOT topic in the next 2 to 3 Budgets!
- Main focus was on the hike in the GST rate – surprise take on intermittent hikes? How should businesses prepare for the hikes now?





LAO MEI LENG

PARTNER

MOORE STEPHENS LLP

LAW PEI SERH

DIRECTOR, TAXATION SERVICES

COMPLETE CORPORATE SERVICES (CCS)

Getting Ready for the GST Hike

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SPEAKERS:
LAW PEI SERH

Complete Corporate Services



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DIRECTOR,
TAXATION SERVICES

COMPLETE CORPORATE SERVICES (CCS)

Pei Serh is a Director of Taxation Services at Complete Corporate Services (CCS). She has over 15 years of experience in the field of taxation and has worked as a tax advisor in international accounting firms.

In her years of experience, she has served multinational companies, local public listed groups, private corporate clients and individual clients on tax compliance and tax consultancy projects. She has assisted clients in seeking resolution to tax queries, compliance audit and requests for ruling and obtaining tax treatment confirmation with the Inland Revenue Authority of Singapore (IRAS). She has also participated in projects to conduct reviews in relation to tax structuring, on submissions under the IRAS voluntary disclosure programme (VDP), withholding tax, permanent establishment issues and tax incentive applications.

Pei Serh is a Chartered Accountant of Singapore and is an Accredited Tax Advisor (Income Tax) with the Singapore Institute of Accredited Tax Professionals Limited (SIATP).

SPEAKERS:
LAO MEI LENG



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LAO MEI LENG

PARTNER & HEAD, RISK MANAGEMENT

MOORE STEPHENS LLP

Mei Leng is an Audit Partner with Moore Stephens LLP Singapore and Head of Risk Management. She has more than 25 years experience, providing financial statement audit and risk management services.

She uses her knowledge of corporate governance, IFRS, SFRS and SGX listing rules to work with clients on accounting issues, due diligence, enterprise risk management, sustainability reporting and business process/internal controls matters. Her clients include a wide range of government agencies, as well as public-listed and private companies in the shipping, commodities trading, real estate, hospitality, food & beverage, heavy engineering/ construction and industrial automation industries.

She is a Chartered Accountant of Singapore and a Practising Public Accountant registered with the Accounting and Corporate Regulatory Authority (ACRA). She is also a member of the Singapore Institute of Directors (SID) as well as a member of the Institute of Internal Auditors (IIA).

GETTING READY FOR THE GST HIKE

- Overview
- Impact on Non-GST registered businesses
- Impact on GST-registered businesses
- Getting Ready

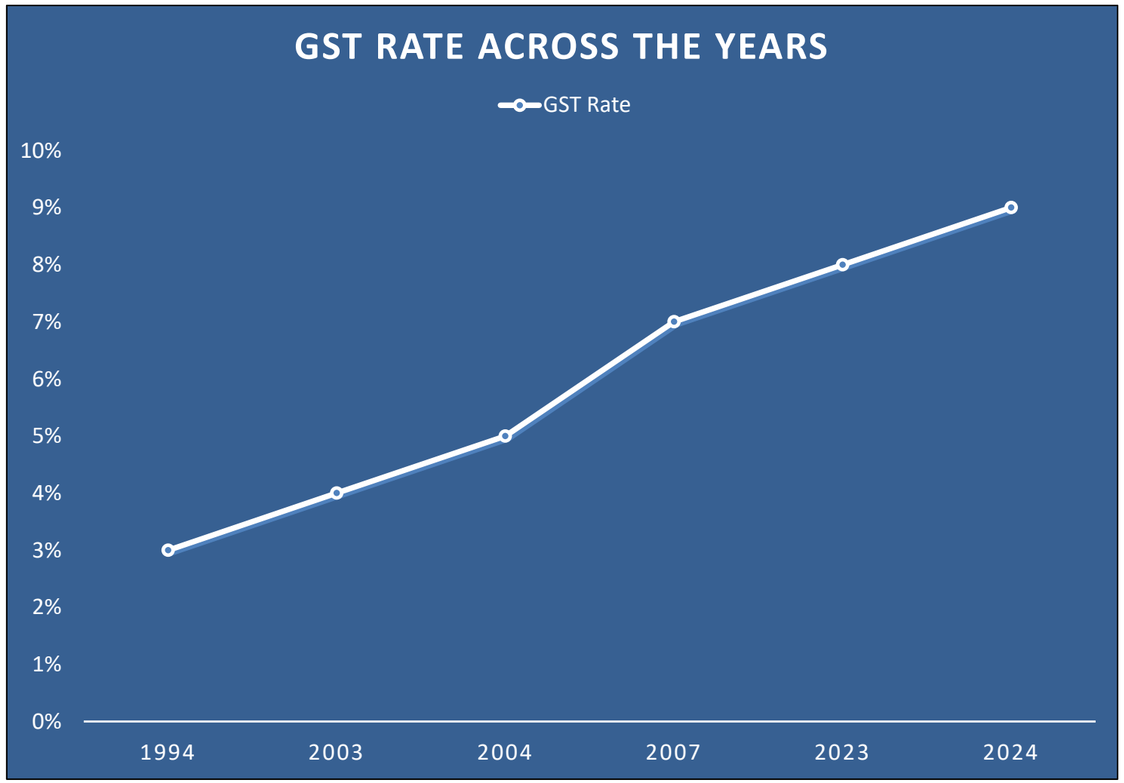
OVERVIEW OF GST HIKE

- GST rate hike is delayed to Year 2023 and will be increased in 2 steps:

  i. from 7% to 8% with effect from 1 January 2023; and

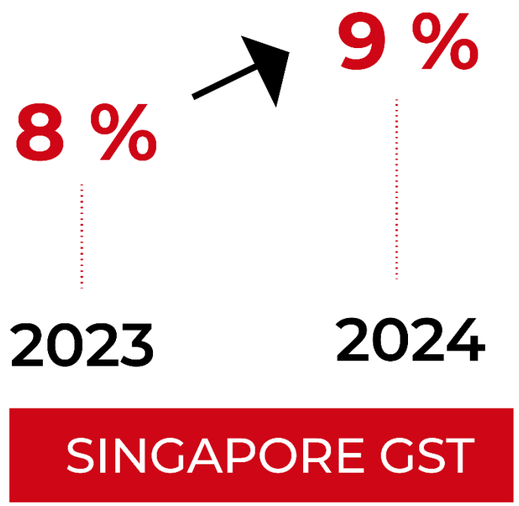
  ii. from 8% to 9% with effect from 1 January 2024.

- Last increase in GST rate was on 1 July 2007, from 5% to 7%.



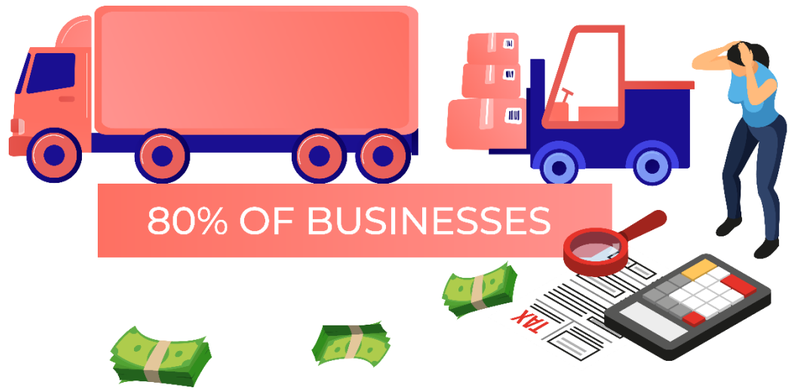
OVERVIEW OF GST HIKE

- Intention: Raise tax revenues to meet recurrent healthcare and social spending.
- Decision to delay the GST increase & in a 2-step approach is due to concerns from ongoing pandemic as well as the outlook on inflation.
- 10-month lead time provided to help businesses to get ready for the GST hike.
- Despite the increase, Singapore's GST rate will still be below Asia's average GST rate of 12%, and the average rate of 19% in developed nations.



IMPACT ON NON-GST REGISTERED BUSINESSES

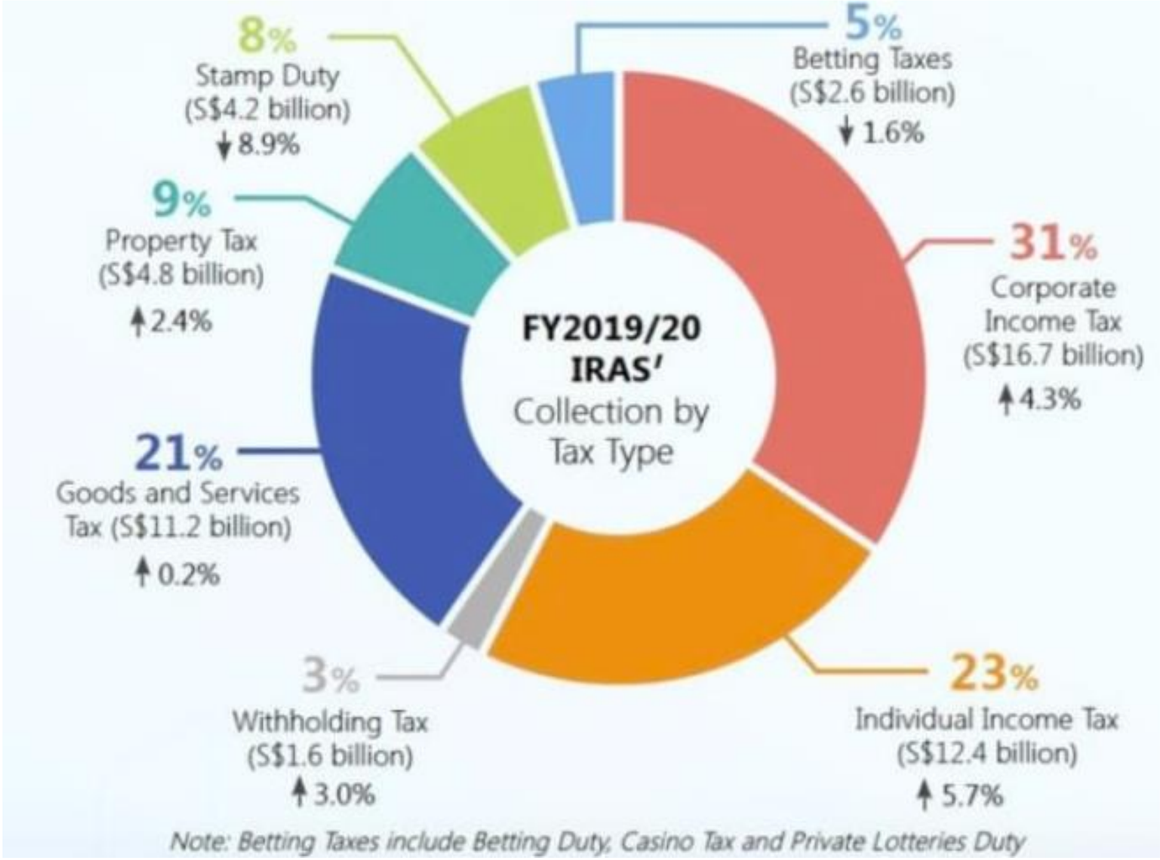
- More than 80% of the businesses in Singapore are not GST-registered.
- As they are unable to recover the GST incurred on their business expenses, cost of these businesses will increase with the GST rate hike.
- To consider applying for GST registration on a voluntary basis even if not mandatory under the GST registration rules.
- Not a silver bullet – need to weigh the benefits of claiming GST on expenses against the compliance cost.



IMPACT ON GST-REGISTERED BUSINESSES

- Costlier penalty in view that IRAS is empowered to impose penalty of up to 200% on any GST undercharged.

- Increased scrutiny by IRAS in GST compliance area, given that GST is becoming the next largest contributor to the tax coffers, after corporate tax.



IMPACT ON GST-REGISTERED BUSINESSES

- Partially exempt trader - Additional cost as these businesses are not able to recover input tax in full (e.g. banks, residential property developers, insurance companies which derive premium income from re-insurance policies, companies in the business of supplying investment precious metals).

- 2-step increase in GST rates - Implementation and compliance procedures will be more complicated since businesses have to deal with two rate changes over two consecutive years.



GETTING READY

- To register or not to register?
- Pricing policy
- Customer/ supplier engagement
- Accounting and invoicing system.
- Existing GST controls – robust enough to manage GST risks arising from the transitional rules?
  Digital readiness, people readiness?
- GST Relief Schemes?



GETTING READY

- Conduct GST health-check to identify existing GST errors – penalties will be more costly as they are imposed on value of tax owed.

➢ <u>Participate in Assisted Compliance Assurance Programme ("ACAP")</u>

- ❑ Self-review compliance initiative by the tax authority to encourage business to set up a robust GST control framework.
- ❑ Full penalties will be waived for any non-wilful GST errors in the course of the ACAP review.
- ❑ Businesses accorded with "ACAP status" will enjoy step-down of IRAS GST compliance activities and expeditious GST refunds.



GETTING READY

- Participate in Assisted Self-Help Kit review

  - Comprehensive self-assessment compliance package, designed to help GST-registered businesses review the correctness of their GST submissions and effectively manage their compliance.

  - Penalties will potentially be waived via voluntary disclosure. However, in comparison to ACAP where full waiver of penalties are granted for all periods, full waiver of penalties is only applicable for certain periods for ASK review.



GETTING READY FOR THE GST HIKE

- To quickly learn more about ACAP, you may refer to the following:
  - Brochure

    https://www.mooresingapore.com/publications/brochures/goods-services-tax-(gst)-assisted-compliance-assur

  - Video

    https://www.mooresingapore.com/services/gst-assisted-compliance-assurance-programme



BREAK

PANEL DISCUSSION

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SONG SENG WUN

DIRECTOR AND ECONOMIST, CIMB PRIVATE BANKING



IRVIN SEAH

EXECUTIVE DIRECTOR / SENIOR ECONOMIST, DBS BANK



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Thank you!

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